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# ***JPRS Report***

# **Soviet Union**

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***Economic Affairs***



# Soviet Union

## Economic Affairs

JPRS-UEA-89-016

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## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

### Selyunin Decries Indecisiveness of Economic Policy-Makers

18200324 Tallinn SOVETSKAYA ESTONIYA in  
Russian 27 Mar 89 p 3

[Interview with Vasilii Selyunin, economist and journalist and member of the editorial board of NOVYY MIR, by Eteri Kekelidze: "The Market—the Great Unifier of Peoples"]

[Text]

[Kekelidze] Vasilii Illarionovich, could you, the author of "Cunning Figures" and "Sources," books distinguished even in the current stormy publicistic sea by their depth of inquiry, explain something? Everyone's sympathy here in the republic has been given to the model of republic cost accounting IME (ime translated from Estonian means "miracle"). This is understandable and obviously just: a large team of scientists has long been working intensively on IME, about which much is being written in the newspapers and said in meetings. IME promises to make the republic economy boom, to raise the standard of living and to make other attractive and long-awaited changes. But what is happening in the country? Are there other equally voluminous economic development models? How many are there, which do you prefer and why?

[Selyunin] The idea of territorial cost accounting is a very rich idea. There are many models but the basis of cost accounting is to live from earnings and not from outside sources. Income is either greater than or equal to expenditures. That is all this concept means.

The concept of cost accounting that I am proposing is linked with the relations between republics.

[Kekelidze] Excuse me, I want to make it clear from the outset: Are you familiar with the IME concept?

[Selyunin] Rather superficially. I only know what was in the press. They talked a lot with V. Sokolov, who gave an interview in LITERATURKA with your Gosplan chairman, and with other specialists. Viktor Belkin was involved in this. By the way, he along with coauthors Igor Nit and Pavel Medvedev worked with your republics and proposed the introduction of "new money." They undertook a good cause. It should have been put into practice, for it has already been more than 3 years since their concept was elaborated but things did not quite work out. All three coauthors are doctors of economic sciences and Pavel Medvedev is also a candidate of mathematical sciences. He formulated a program for how new money (preferred money, as it was called) will be propagated. Within 4 years at the latest, this money would supersede all other forms of the ruble and we

would have—just as in the first quarter of 1924, when the monetary reform was carried out—a unified ruble throughout the country, which we do not have today.

Neither cost accounting nor any reform in general is possible as long as we do not have a unified "money" as an equivalent of exchange.

[Kekelidze] What is happening with money?

[Selyunin] According to a count by Nikolay Petrovich Shmelev, there are now about 10,000 forms of the ruble in circulation. If there are 10,000 forms of the ruble and no single ruble is in any way equivalent to any other, then no economic relations or calculations are possible. To illustrate: there are three forms of the ruble even in the case of money for trips. Let us suppose that you saved for a journey but you cannot transfer these savings into per diem expenses—they are different rubles. If, let us suppose, you stayed with friends rather than in a hotel, you cannot transfer the saving either into per diem expenses or fares: the accounts department will not remunerate you for the more costly tickets. And that is the way it goes.

[Kekelidze] Does this mean that that there are as many columns in a financial document as there are kinds of rubles?

[Selyunin] Yes. But when you purchase something, the rubles are also different. Let us suppose that you bought meat with your 3.50 per diem. This is a good, solid ruble, because the meat costs 2 rubles in Moscow. But then you decided to buy some sort of foreign cosmetic and you invest many "light" rubles into it, because imported cosmetics are disproportionately expensive. Wholesale money of enterprise incentive funds is in three accounts—economic stimulation, social and cultural services, and development fund. And the money cannot be transferred from one account to another, meaning that once again it is not equal.

If there were one ruble, what difference would it make what it goes for, for the purchase of meat or a car, to pay for a hotel room or for a bonus—it is all a ruble, all money. This is what we need to strive for.

The ruble of coal miners is a good, solid ruble, because fuel is cheap here. The ruble of machine builders, say, is a bad ruble; machines are expensive here relative to fuel and raw materials.

In Estonia, by the way, rubles are good. The products of animal husbandry are relatively cheap, even considering the fact that purchase prices are higher than retail prices. But the receipts go for products of animal husbandry and Estonia has to purchase a lot. When it buys oil and energy resources, this is good, for our raw materials are cheap; but to buy machinery means spending a heavy



ruble for something that is measured in light rubles. This is just an example. As long as we do not have a ruble as a unified equivalent exchange, no cost accounting is possible.

The idea of the three Moscow scientists is to reform the ruble, starting with "living money," that is, money received by the enterprise for consumer goods purchased from it **in real terms**, and to open a special account for this money in the banks and to allow the use of this living, preferred money to purchase everything needed—with no funds, authorizations, etc. That is, combine two now separate functions of money: as a means of payment and as a right to purchase. The idea involved wholesale money and at first it did not affect me and you. But if there were a single wholesale ruble in the country (I remind you that this, according to the calculations of P. Medvedev, was supposed to happen after about 4 years), then it is relatively easy to take the next step, to equate it with the retail ruble.

[Kekelidze] What needed to be done in the first place for this idea to work?

[Selyunin] The main thing is that two authorizations were needed: from the bank for the opening of a new account and from Gosstab so that everything could be purchased from this account without funds and supply authorizations.

[Kekelidze] Was this not done?

[Selyunin] No. Why will become clear later; there is a whole chain of reasons. I want to return to the considerations on territorial cost accounting in connection with the interrelationships of the republics.

It is long since time for us give thought to what will further unite us as a community of peoples and a community of republics.

The first call was heard clearly during the time of the events in Alma-Ata. Some people were replaced there, others were imprisoned. In general, they worked something out. The events in Nagorny Karabakh and around it developed in a more threatening manner and the question about that main thing that will begin to unite us became very real. It is clear that you cannot unite anything with tanks.

The plan involves the following: we will precisely divide the rights and obligations of the republics and the center. Today the center manages everything and the republics are suppressed. I think that we are entering into a long interval of development in which the republics will strive for more independence. These strivings of peoples are quite legitimate and it is necessary to move strongly to meet them.

What must be left in the competence of the union? I counted just three basic things (I was not, of course, claiming to be definitive). In the first place, there is defense. The army must remain a common army. To illustrate: imagine how events would have developed between Armenia and Azerbaijan if these republics had had their own armies!

[Kekelidze] Do you think that it is inadvisable to introduce territorial troops, about which is being spoken, if only in the report on the draft of the new Constitution of the Lithuanian SSR?

[Selyunin] This idea does not seem to me to be especially fruitful. The army in this case will have to be under the control of the republic government. In the event of conflicts between republics, perhaps about water in Central Asia, this may become particularly dangerous. Another matter is that the army must not perform police functions. It is an army and serves to defend the country.

[Kekelidze] What else is advisable to keep under union authority?

[Selyunin] Part of foreign affairs, namely, the signing of international treaties and agreements. All other international affairs—who will come into the republic or leave it and how much foreign exchange can those leaving have—are in the competence of the republic.

[Kekelidze] And the third?

[Selyunin] Among economic matters, in my opinion, it is expedient to leave transportation and communications in the competence of the union. It is more convenient to have a common schedule than for each republic to try to make everything fit on its own. And also no one's national pride is hurt in this case, right?

Everything else belongs in the competence of the republics?

And here the main thing is to whom?

It makes no sense to move things from the hands of Moscow bureaucrats to the hands of republic bureaucrats, for they are not a bit better. Only in the case of hurt national pride does it seem that the local boss is better than Moscow in all cases. It is not so; all bureaucrats are the same.

When we carry out those economic reforms that we are talking about, and nothing has yet been done in 4 years besides a lot of fine talking, we will obtain independent production units: state enterprises, cooperatives, private.... All economic management goes over to them (no plans are needed, for an integral part of the reform is the repudiation of directive planning).



[Kekelidze] And what do you think about private ownership? Both about the essence of this concept and about the idiomatic phrase itself, which, in the opinion of many, has a negative connotation for the Soviet individual?

[Selyunin] And what about "market economy?" How difficult it was to utter it at first! It also had a negative connotation. But now we have no difficulty in pronouncing it. "Commodity production" was formerly equated without fail with the wild West in the economic sciences. I believe that the same thing will happen with "private ownership." The phrase will become part of the language and the negative connotation will disappear by itself.

I see three equal sectors of the economy, equal in the sense that the individual himself decides in which sector he wants to work: the private sector, cooperatives and state enterprises. And combinations are possible. For example, a state enterprise with cooperatives under it (something that already exists, by the way).

In the near future, they will hardly be equal in scope. But it will not always be so. I would think the individual family enterprise is most promising in agriculture. When we say "family lease"—this is a cautious designation of the individual farm—the meaning is that the production unit coincides with the family. If there is a way to feed the country, then precisely this is it. It is necessary switch to the individual farm for all those wishing to do so. No one intends to dispel the strong kolkhozes and sovkhoses by force. Here one-third of them produce 80 percent of agricultural output, and two-thirds just 20 percent. So should they be spoon-fed indefinitely and paid subsidies? This is not necessary.

Each commodity producer, whether it be a state enterprise, cooperative or private person, produces goods under consumer orders and the real orders of those for whom the output is needed. Can it be in this case that someone among us in Estonia, let us say, will say that he will buy raw materials and other materials only in Estonia and will sell output only to an Estonian, no matter what the price is? No way! He will buy where it is cheaper and sell where prices are higher. That is, when all ties of commodity producers begin to intermesh into that national economic complex about which we are talking so much. We built this complex from the top: they sent down the plan, designated suppliers, indicated what to do with the output and allocated funds. None of this is necessary. The meaning of the economic reforms is that when enterprises get independence and ties among them begin to arise naturally, then we will obtain such an economic complex in which it will be very difficult to tear out any particular link. The market is a great uniter of peoples, as history long ago confirmed.

Polls in the countries of the EEC showed that most of those questioned are even in favor of a common government, it being less expensive to support. This will probably not happen but the trend is clear. That is, today the countries of the Common Market are more consolidated and united than our 15 republics.

[Kekelidze] Thus, to sum it up briefly: the key to saving the country is a normal economy?

[Selyunin] If only we had emphasized economic unity! I see this as the means of saving us as a union. There are, of course, very many other questions that need to be resolved—political, social, linguistic, etc. But as a unified market developed, it would unite the country into a single economic organism.

[Kekelidze] And territorial cost accounting—what is its role in this concept?

[Selyunin] Any territorial cost accounting can be set up only on the basis of that part of the profit of enterprises that is taxed.

Now, to simplify somewhat: first we put all the taxes into the common treasury and then the treasury plucks it out: this is for Russia, this is for Estonia, this for the Ukraine, etc. And that is not all. Moscow is in command even within the republics: this goes to the steel workers, this to land reclamation. All is broken down in a single state plan and no independence is foreseen. But there is no other money besides that which comes in from enterprises and the inhabitants of the 15 republics. So one can talk only about how this money can best be distributed. And it is better this way. If the functions of the center are limited to defense, part of foreign affairs, transportation and communications (perhaps something else will be added, but not much), then all other bureaucracies will pass away, for they are not needed. We are shifting to a market economy and do not need so many ministries. This means that a small part of the taxes will go to the center to sustain the government and for national programs (such programs exist throughout the world). Of course there must also be an insurance fund—to help the Aral Sea, for example. I was there recently. Heavens, what is happening there! Poisoned water and poisoned land. It will cost 60 billion rubles even without a kopeck of increased output to expiate those sins that were committed there by time-servers of the Rashidov type and our Ministry of Land Reclamation and Water Resources. This money needs to be invested within some reasonable period, within 10 years, let us say. Six billion every year—these republics cannot make it on their own, without the help of the union. It is another matter who is at fault that all of this land reclamation was not done by hand. They were in an awful hurry. But more than 30 million people live there and it must not be wasted.

Still, the money put into the union budget is a small part of all the taxes that are received from enterprises and people. The main part—80 percent, according to my estimates—will be kept locally, in the republics. Build what you need. Get the commodity producers to work better, then there will be more money in the republic.



[Kekelidze] Our scientists generally think that way. But here there is a danger of playing with taxes. We just observed this attempt in the example of the cooperative workers.

[Selyunin] Yes, as long as there is a hole in the budget, there will be a temptation to plug it by raising taxes from enterprises. In America under the Democrats, however, the progressive tax reached 80 percent of profit. The Republicans reduced it to 40 percent of profit. And what was the result? It turned out that 40 percent is more than 80 percent. The treasury does not live on the percentage but on the number of dollars paid and the amount of money in the treasury increased. The lowering of taxes stimulates business activity.

In this case, it would be a wise and authoritative government that would restrict commodity producers less, and, at the same time, it would receive more money for republic projects such as schools, hospitals and so on.

[Kekelidze] How do you see the further fate of union enterprises in the republics?

[Selyunin] There will be no difference between enterprises. The existing union enterprises will not be subordinate to anyone. After all, the ministries are being abolished.

[Kekelidze] And if the republics are not interested in them?

[Selyunin] How can that be? Union and republic enterprises, cooperatives and private persons, all with the same rights, all work equally for the republic (otherwise the republic will not receive any taxes) and for the country (they sell the output where it is purchased).

[Kekelidze] But perhaps it will be advantageous to close all union enterprises that do not work directly for the republic?

[Selyunin] Why? It is extremely disadvantageous to the republic to close such enterprises. As a rule, they are larger and rather well equipped. They will be selling their output and money is needed for the purchase of gasoline at least. What difference does it make if they are selling butter or electric motors? To close normally functioning enterprises means to slay the hen that lays golden eggs. There are jobs and output for sale and taxes for the republic budget....

[Kekelidze] Will this economic reform that you are talking about be carried out? And when?

[Selyunin] If they had begun to introduce it immediately after the "call" from Alma-Ata, it would have suited everyone. Today it will work in relation to some republics; they are not yet too late. As for the Baltic republics, there is very little time! It is necessary to take very vigorous action. Everyone is interested in encouraging

the appearance of commodity producers in the Western market—the commodity producers themselves, the republic receiving taxes and foreign exchange....

[Kekelidze] By the way, what do you think of the idea of republic money?

[Selyunin] I will give you my opinion: this idea appears to me to be purely propagandistic and its authors understand very well that it is impossible. And they speak about this either indulging some part of public opinion or preparing the ground for separation. It is probably so. With 15 kinds of republic money, how can you keep accounts? Only one way has been found—to have a "supercurrency," an equivalent for all, like the dollar in the dollar zone. If we have such an equivalent, transferable money, a national currency (in the framework of the existing community of republics, of course) loses its meaning. And our economists understand this very well.

[Kekelidze] And have these considerations and proposals that have now been set forth so succinctly and concisely—this model of reform—been published?

[Selyunin] Not yet but they have been discussed with specialists.

[Kekelidze] I read a forecast somewhere that if nothing is changed in our economy, then the critical time will be the mid-1990's. The country will simply fall apart with all of the consequences ensuing from this.

[Selyunin] Yes, this forecast was published. We worked it out various ways but the time turned out to be the same—the mid 1990's. But we did not count very well. In reality, the processes are taking place faster than that. Trade is already collapsing this year and will be replaced by the total distribution of vital goods. This has already begun and the shortage is being distributed to the plants.

[Kekelidze] Does it appear that our system is moving toward War Communism? The specific question is: How is supposed to abolish the ministries?

[Selyunin] The law on the abolishment of ministries must be passed by those who pass laws—the USSR Supreme Soviet. And this should have been done long ago.

It is not the very first time in our history. Let us see how this was done in the past. When Khrushchev got fed up with the ministries—he was not thinking about any reforms at that time but every decision was sabotaged by the ministries—he abolished them one day. And they went over to regional economic councils [sovnarkhozy]. When they proposed this idea to him, justifying it by saying that it is better to govern territorially than by branches (as a matter of fact, if you manage administratively, it is neither better nor worse but equally bad), Khrushchev was captivated by the idea that these people would not bother him any more. It was people, not



ministries that hindered him. Only a few units left Moscow for the regional economic councils but there was no unrest, nothing. What do they now fear so desperately? To digress, I remember that at that time there was an "iron Rayzer," the construction minister. They were afraid of his word, so strong was he. Well, what about it? I came 2 or 3 months later, after the abolishment of the ministries, to Gosstroy (I was then working for STROITNELNAYA GAZETA) and I saw a little old man sitting there quietly leafing through some papers and writing something out. Heavens, I think, he looks a lot like Rayzer. I took a good look. Good gracious, that is he, they had appointed me as his consultant in Gosstroy. When he was removed from power, he became unrecognizable.

As long as the ministries exist, there will be no reform. Only from the point of Leonid Ivanovich Abalkin—there was a report that his memorandum was being reviewed in Ryzhkov's office—was it necessary to put off the reform for 3 or 4 years and, during this time, normalize the situation, stabilize the market and, in particular, prepare a general administrative scheme in which there is no place for ministries. So these 4 years just have to be lived through and today these ministries have no fear of perestroika. In 4 years, they will be dictating their will to whomever they wish.

But how to abolish them today, when we are again returning to an administrative system, supposedly temporarily, for 3 or 4 years. Look at this shameful sight, the meetings of the Council of Ministers. The "carpet" psychology! It is necessary to take economic measures and patiently wait for the effect. But why, if ministers can be called "on the carpet" today, ask how you came to be the way you are. Everyone, they say, is saying that the market is out of balance and that consumer goods are needed and you, they say, are occupied with such nonsense as, say, machine tools or missiles and have produced nothing for the market. They take them down a peg and these go back and do the same to the directors. Tomorrow there will be a different command and the same thing will happen all over again.

If we returned to command methods, then, of course, how can we get along without ministries and whom would we command then? How can we get along without the steps through which these remarkable commands come down?

No, if we make a self-adjusting economy and carry out reforms, they will not all make it immediately to the departments in the complex.

If we gave independence to enterprises and abolished directive planning (centralism is ensured through other methods), this would mean that there is no need for the apparatus that provides the plans and controls their execution and that objectively there is no longer any place for ministries.

And the process is interrelated. If we abolish ministries legislatively, then we clear the way for economic means of control, because enterprises automatically and spontaneously receive all the rights that they are given by law but in practice this is nothing.

One can start anywhere but today it is simpler to begin by dispelling the economic ministries. And in no case should they be replaced with anything, including territorial party authorities.

[Kekelidze] And what is the hope that this will take place?

[Selyunin] If we do not do this, then....

[Kekelidze] Who is we? This is not within your power, not within the power of Shmelev, not within the power of Popov....

[Selyunin] But within the power of those who began perestroika.

[Kekelidze] Why are they not doing it?

[Selyunin] The reformers understood the country's sore spots very well. But there is not yet enough resolve to implement the reforms. There were 4 years of wonderful talk about reforms but beginning in November of last year there has been a total revival of the command and administrative system in the economy. Today the situation is worse for reform than it was in 1985-1986. Nothing will be normalized within 2 or 3 years. The reforms will still have to be carried out but in an even more complex and unfavorable environment, an environment of economic chaos.

[Kekelidze] And it is with this background that a valiant war is being waged against cooperatives. They found an enemy.

[Selyunin] Yes, a whole series of vigorous measures have been taken against them—the decrees of 29 December and the decree on prices.... It seems to me that here the country's leadership gave in to public opinion. Public opinion is basically always against the rich.

[Kekelidze] It is more productive to fight against poverty.

[Selyunin] Still, we do have rich people but they did not earn their wealth, having obtained it in other ways. But hatred for a neighbor who suddenly became rich.... What do you want? For 70 years, the ideal of the social dependent was cultivated and they talked about social justice, which benefits not the worker himself but the most unfortunate individual....

But we got distracted. A new stage of perestroika has begun. We all discussed whether or not it is reversible and how to make it irreversible. While we were arguing,



it had already begun to turn around, to return to the administrative command system. Previously we justified ourselves by saying that the old apparatus is resisting new decisions, that a struggle is under way. Now something new has begun to happen. Now the very decisions made at the highest level form an internally integral, logical, consistent and very familiar command system.

[Kekelidze] And do they listen when you economists speak of this danger?

[Selyunin] There is glasnost but the audibility is worse.

[Kekelidze] Tell us, what do the people at the top think about the existing situation?

[Selyunin] Are you asking about the proposals of economists?

[Kekelidze] Yes.

[Selyunin] In response to his last memorandum, to which he appended a reference to the 51 preceding memoranda, they told Leonid Ivanovich Abalkin: yes, you made proposals. But you are proposing one thing, Popov another thing and Aganbegyan something else. Present us some common proposals. But then what is the role of the government? To draft a "we resolve"? A choice of versions is a good thing and not a shortcoming. But it is necessary to dwell on something else. The experience of all countries where they have actually carried out reforms rather than just talk about them indicates that one person must lead the reforms. One! This was Deng Xiaoping in China. Ota Shik under Dubcek. Rezso Nyers in Hungary—he is now once again a member of the government. This person was responsible for the course of reforms and determined where things are slipping and something is not working. And this is the way it must be done.

But we now have four official focuses of reform! When will they come to terms? What some are proposing, others consider inadequate, and still others too radical.

[Kekelidze] What are these focuses?

[Selyunin] The [first is the] Economics Institute under L.I. Abalkin. The second is the Commission on Natural Productive Forces of Academician A. G. Aganbegyan. The third is the Gosplan commission under S.A. Sitar-yan. And the fourth is the economic section of the Central Committee.

It is possible to circulate papers endlessly among these four centers, to discuss and listen to criticism, and not resolve anything. My personal opinion is that one person should be designated to head all reforms. And I know who it should be: Gavriil Popov. He has the best program. We have known for a long time what needs to be done, where to start and where the hot spots are. It is long since time to begin to establish a single ruble. That

is one thing. Humanity has not devised anything better than the reform of price formation—not of prices but of market price formation. Turn the land over to the peasants: they sow in the spring and you see the results in the fall. They are already late this year, the families will not have time to sow.

[Kekelidze] As in the transition to the tax in kind in the form of foodstuffs?

[Selyunin] It did work then! We will not obtain any effect this year but at best next year. In the meantime, we have to live. Have you read Otto Latsis? He wrote openly that our economy will not withstand a year like 1988.

[Kekelidze] What will happen to prices?

[Selyunin] We have two versions. Only two! The first is stable prices and empty store shelves. The second is rapidly rising prices and the availability of goods. There is no version in which prices are stable and goods are available. So it does not happen that the economy collapses but prices remain stable and goods are available. We have to pay for the stagnation, for the 4 years of talking. It is easy for me to talk. But it is very difficult to say this to a government official. Imagine the reaction! Although everything is happening very quickly, the shelves of the stores will be empty after less than a year. Incidentally, the prices will not stand up in any case.

Economists proposed an extreme measure. It would be necessary to reduce any other purchases and find 7 billion in foreign-exchange rubles for the purchase of consumer goods abroad. And it is necessary to repeat this maneuver 2 or 3 years. Is this a lot—7 billion? It is about one-tenth of our foreign trade receipts. And since the effectiveness of the foreign exchange ruble is 1 to 10 (what we buy there for 1 ruble, we sell here for 10 rubles), we "pump out" 70 billion rubles of our "light" domestic rubles. We would normalize the situation in the consumer market. And it would be necessary to use these years of purchases wisely for the rapid accomplishment of perestroyka in the economy. And begin to receive a yield. We will then move away from the need to increase purchases beyond the usual.

[Kekelidze] But this measure will not be taken?

[Selyunin] It was announced that it will not be.

[Kekelidze] Can the new congress of people's deputies change the situation?

[Selyunin] Hardly. Everything is so thought out there, in the system of elections, that it is easier for a camel to pass through the eye of a needle than for our brother, the economist, to get through. Look here: Nikolay Shmelev himself withdrew his candidacy and Gavriil Popov did



not make it through. Andrey Nuykin did not get through. He wrote about this in detail in MOSKOVSKIYE NOVOSTI, concluding with the phrase: "As the law is, so are the elections."

[Kekelidze] But does the country have a chance?

[Selyunin] It does, if we begin decisive reforms immediately.

### **Need To Reorganize Domestic, Foreign Exchange Currencies Seen**

18200140 Moscow SOTSIALISTICHESKAYA  
INDUSTRIYA 12 Jan 89 p 2

[Article by Candidates of Economics M. Kharkhardin and Ye. Rubinshteyn: "Return the Chervonets, or Why The Three Rubles Are Not Money"; first paragraph is introduction]

[Text] The rules strictly limit the freedom our enterprises have to maneuver. But this situation is not the result of some perverse decision. Rather, it is mandated by the current management culture.

We are starting to run into the three forms of money that emerged in the late twenties: fixed capital, working capital, and wages (cash.) That is, there are now three separate monetary systems, each of which is backed by its "own" set of commodities. These commodities, in turn, are created and allocated in accordance with completely independent rules. This being the case, the rubles used to record and measure value in each of the different systems are unequal and incapable of being converted into one another. In fact, any attempt to effect such a conversion is fraught with very serious consequences for the economy as whole.

What would be the effect if enterprises were given the opportunity to convert non-cash rubles into cash? Chaos! The money supply would inevitably grow, some consumer goods would be converted into industrial resources, and the country would have a "perfect" vehicle for uncontrolled inflation on its hands. Things could be even worse if enough of the money that is needed for industrial and social purposes and kept in the form of fixed capital were put into circulation. These rubles are only meant to be a promise—a claim for future acquisitions. Nowadays, though, they are more like unredeemed sugar chits.

In general, the only way a shortage-ridden economy without a market mechanism can save itself from financial ruin is to employ the monetary systems mentioned above. Merging them is not an option, since the prices set within each system are arbitrary and ignore laws of value. We are thus justified in maintaining that the different kinds of rubles (fixed capital, working capital, and wages) in our economic system do not have the same uniformity of function they would have in a market economy.

The end result of this state of affairs is well known. We have 157 billion rubles worth of uncompleted construction projects, 500 billion rubles worth of warehoused raw and other materials that no one wants, and 283 billion rubles in individual savings accounts. We are dealing with an imbalance in the money and commodity supplies, upward creeping prices, and a chronic shortage of necessary machinery, materials, industrial capacities, and consumer goods. To be blunt, this is nothing to brag about.

What are the consequences? As long as we have these three systems, we are not going to be able to fully implement the khozraschet system. Instead, we will end up rolling stones up mountains and watching them tumble back down. So why don't we just take matters in hand and change things? Unfortunately, even the most draconian decree will be of little use here. In order to eliminate the multiple monetary systems, we need to completely change a key element of the economic structure: production relations. Let me explain what I have in mind.

First, all forms of property must be given equal status under the law. This applies to all forms of property permitted in a socialist system, including both the means of production and their output. The purpose of this is to put everyone on an equal footing, from state-owned plants and kolkhozes to joint-venture type arrangements and so-called individual enterprises.

It is time to consider a hard currency at home. It seems to us that in order to do away with the different monetary systems, we need to revive the chervonets, or chervonniy ruble as it is also known, and make it a convertible, gold-based unit. Of course this is no simple overnight job. After all, introducing the chervonets will take more than just an announcement of our intention to do so. It is not a routine monetary reform, but a process. It is certainly controllable, but time will be needed for it to evolve naturally.

We feel this ruble should be legal tender at free market prices and should enable its holder to purchase any commodities, material goods, and services, as well as the regular rubles (sovznak) currently in the three monetary systems. Nonetheless, efforts will have to be made to prevent capricious issuances of chervonniy rubles, and to ensure that issuances are closely linked to increases in the production of purely consumer oriented goods and services. If production increases, chervonniy rubles will be issued; if it does not, none will be issued. It will also be important to draft legislation ensuring that an individual or group of individuals becomes the owner of any means of production or production resources they acquire.

Suppose the state issues chervonniy rubles. Who should be first to get them, and what will start happening when they do? Without a doubt, the first in line should be producers of category "B" consumer products, but the



amount they get should be in proportion to the percentage of the total consumer package they represent. And they should only get them in proportion to their sales of top-quality merchandise.

With no outside pressure, enterprises and organizations will try to increase their hard currency revenues, and will start working to increase productivity and improve quality. And since some portion of wages will be paid in chervonny rubles, each worker will have additional personal motivation.

Secondarily, chervonny rubles not paid out in wages will be used as an incentive for enterprises and organizations supporting group "B" product manufacturers. This, in fact, will be their primary avenue for acquiring the chervonets. The better group "A" product manufacturers are able to produce top equipment for their smaller, but more money-endowed comrades in group "B" production, the more stable their economic position will be, and the lower the amount of gold that will need to be exported to pay for foreign equipment.

Of great importance will be ensuring that social progress funds are backed by hard currency. Currently, enterprises are prevented from making free, effective use of these funds for two reasons: planning and construction organizations have no unloaded capacities; and equipment and construction materials cannot be sold freely.

In particular, we need to address how to attract the money belonging to individuals. We think the individual should also have the right to freely convert his deposits into chervonny rubles at a set rate based on the gold standard. These resources can be used to purchase high-quality goods that are currently in short supply at free market prices. In order to saturate this market, even if only temporarily, we will have to make it more accessible to imported goods. It is this action which will displace the existing monopoly on various goods and force group "B" product manufacturers to produce genuinely competitive merchandise.

We also feel it would be useful to permit free purchases, at contract prices, of state housing, automobiles, and means of production for individual labor activity. People should be given the right to use chervonny rubles to buy shares in companies and enterprises, be they domestic, foreign, or joint enterprises. If this happens, a huge amount of unsatisfied demand will make itself known. And this in turn will serve to motivate service providers, encourage group "B" product manufacturers to expand production, and completely change the mix of goods available.

It is critical that this approach help the country's consumer market become a natural part of the world consumer market. We would like to note that in some socialist countries, many goods are already sold for either national or hard currency. So why should we suffer? There is no question but that the only way group

"B" product manufacturers will attain international standards is to battle for the hearts of their customers. Given the labor and other resources that will be thrown at them, this will be the sole means of providing a genuine performance-improving incentive.

We are in 100 percent agreement with those economists who wrote in SOTSIALISTICHESKAYA INDUSTRIYA: "We have to speed progress in science and such critical areas as computers, robots, and biotechnology. The chervonets can help. As the state starts getting hard currency as part of its tax revenues, it will accumulate the resources for financing many long-term scientific and technological development programs in these areas."

To summarize, all the evidence points to the necessity of enfranchising the chervonets. We offer no guesses as to how long it will take for this monetary unit to totally displace the sovznak. But we do know one thing for sure: it is dangerous to set deadlines and then race to meet them. The reason for this is simple: the end is not always predictable. Regardless, we need to work for change.

#### State Acceptance System Poses Problems for Oil Refinery

18220044a Moscow IZVESTIYA in Russian  
3 Feb 89 p 2

[Article by V. Romanyuk, special IZVESTIYA correspondent, under the "Reforming the Economy is the Foundation of Perestroika" rubric: "Incident With State Acceptance"]

[Text] Novopolotsk (Vitebsk Oblast)—The incident occurred on 13 December 1988 in the commodity department of the Novopolotsk Oil Refinery.

Early that morning, at 06:45 am, Dispatcher Z. Pantyukhova ordered the finished product pumped out of tank 293. Most times, this is a normal occurrence. She used to do this when the tank needed to be emptied quickly. She had neither a quality certificate or a state acceptance stamp, having obtained the laboratory analysis information by telephone. And this is not considered a particularly criminal act. There are no state acceptance representatives around on the night shift: they generally stamp the certificates which accumulate during the night all at once in the morning, even if the output has already been sent off.

Let it be said further that the laboratory performed its analyses for two different recipients at once—its own OTK [Department of Technical Control] service and State Acceptance. If the analysis is good, State Acceptance stamps it; if not, State Acceptance waits for the next one. These State Acceptance duplicates have been convenient for everyone. At least until the leadership of the association and its public organizations raised the question of abolishing State Acceptance. The formal grounds for this action was the recent USSR Council of



Ministers decision allowing State Acceptance to be abolished when an enterprise constantly produces high-quality output. The association's General Director V. Teteruk demanded that 28 specialists go from state acceptance work back to production. Why, people ask, are these specialists given the job of observers, if cost accounting serves as a quality controller in their absence?

State Acceptance Director B. Vasilyevskiy is not happy with this turn of affairs. And in response, he has begun rejecting output out of hand.

Once again, there are always formal grounds for doing so. Oil refining is a highly unpredictable business. Oil from many different fields is poured into oil pipelines, and the finished product must have strictly defined parameters. These are not easy to achieve, since the oil flow is not automatically monitored. This is done by way of a number of analyses. So every time the state acceptance people performed an analysis, they began thinking of the product as being submitted anew.

When they found out that the output being turned over was not, as it turns out, from the initial submission, but from the fifth or sixth submissions, the refinery workers quit performing "combined" analyses, and both they and the state acceptance people began performing them separately. Now they submit the quality certificate to State Acceptance only when the product has been brought up to full condition. This is the point at which the State Acceptance representatives sample it, take it to the same laboratory and, of course, obtain ideal results. The laboratory workers began doing more analyses, which slowed down output shipments, but on the other hand each side had its pride assuaged: the product would pass as if it were from the initial submission!

This is a replay of the December incident which subsequently developed directly into a departmental confrontation.

I attended a meeting between members of the labor collective council and State Acceptance representatives. The discussion was disagreeable, and was laced with reciprocal accusations. Boris Iosifovich Vasilyevskiy is an easygoing phlegmatic man. He has worked as a chief fuel industry process engineer, and has devoted 20 years to his hometown refinery. He has been in charge of state acceptance for two years and, frankly speaking, has won no great laurels in this walk of life. In all the caustic discussions held over these days, he somehow defended himself rather listlessly, as if he had lost the battle and was generally beaten.

There's no denying that when State Acceptance was set up and its teams were formed, the refinery expected that those State Acceptance employees who were "nibbled to death by routine business," as STK Chairman A. Kozlov put it, would know how to analyze where and what was wrong with the production process and would make

sensible recommendations. They are the people who check the finished product, and what is more, they use the refinery laboratory employees to do so. I believe the incident with Tank 293 was the straw that broke the camel's back. After I came to Novopolotsk, I found out that some 2,000 of the enterprise's employees had signed a collective letter to the government demanding that State Acceptance be abolished. Using the collective's opinion in this way can be discerned as a run-of-the-mill manifestation of "group egoism".

In human terms, one can understand the refinery laboratory workers who have analysis work squeezed out of them for their R150 per month, who inhale caustic reactants and who, moreover, "feed" the State Acceptance people who, by the way, earn two- to three-fold higher wages. They are aware of all this. They arrive at their conclusions. And these conclusions involve labor morale and social justice.

Specifically, they recall the following episode. Some product which was accepted by State Acceptance was sent on to Kremenchug. Suddenly the laboratory personnel discovered that one of the indicators did not meet the specifications. An anxious telegram was immediately sent off to Kremenchug: check out such-and-such tank; an experienced specialist was dispatched to see to it. And the State Acceptance people just stood to the side and watched.

That is how they earned the odious nickname "observers." General Director V. Teteruk, a stern, proud man, is now using all the means at his disposal to break up this, as he puts it, useless service. This is a complete manifestation of the parochial dictate: it's as though this service had been set up not by a government decision but at the behest of the refinery, as though everyone now intends to break it up—and as though this intent is unanimous. But in fact, State Acceptance, which is an organ of state control, cannot be thought of as an extension of the Technical Control Division or an auxiliary production unit which can be trifled with at the whim of any and all. According to Vladimir Grigoryevich the refinery couldn't manage without these 28 specialists, even though over 600 of the employees here are engineers and there are over 100 people at their work-places who have engineering diplomas. He has not been alone during his visits to Gosstandart [State Committee for Standards] in Moscow: with him was the present chairman of the labor collective council, and Hero of Socialist Labor A. Kozlov. People say this oil refiner is a gift from God! I asked him: to whom has State Acceptance been such a hindrance?

"It hasn't been a hindrance," he answered, waving his arm in a gesture of vexation. "But neither has it been a help."

Deputy Chief of the Main Gosstandart Administration I. Kuyumzhi, who had come along with me, but for a different purpose, i.e., to support State Acceptance's



shaken authority, took the subordinates to task for being unable to join the ranks of the collective and for reducing all their work down to a strictly supervisory role. But it is obviously difficult to protect State Acceptance people: these days, high prerogatives no longer go as far as argument.

They sat opposite each other in my presence for two full hours: General Director V. Teteruk and State Acceptance Superintendent B. Vasilyevskiy. One of them vigorously on the offensive and the other feebly defending himself.

"Boris Iosifovich," said the director enthusiastically. "You and I started together: I—as the chief of one plant; you as the chief of another. You are an excellent specialist. But you watch from the sidelines."

"State Acceptance is not one of the refinery's shops."

"If the State needs for us to have observers," says the director, caustically hurling sarcasm in conclusion, "let them observe. But by using traditional administrative methods to solve the problem of quality we are only driving it into a dead end."

After returning to Moscow, I called Minister N. Lemayev and asked him how he feels about the Novopolotsk oil refinery employees' idea of abolishing state acceptance.

"You can find raisins in every loaf," Nikolay Vasilyevich answered obliquely. "We have state acceptance in many of our enterprises here, and I'll tell you, it improves discipline."

Gosstandart Chairman G. Kolmogorov expressed himself more definitely when he told me that State Acceptance is a compulsory and temporary measure, but one which will have a long-term effect. It is difficult to achieve quality when there are shortages, producer dictates and a stressed market. The socialist market is beginning to work, and when it does, there will be no need for state acceptance. But in the meantime....

Until then the costs for state acceptance work will approach R250 million per annum. But according to Gosstandart data, the economic effect derived from improving quality will amount to half a billion rubles. Do you think these figures will convince anyone in Novopolotsk?

"The struggle is not for quality," Deputy General Director S. Litvinov assured me, "but for effective figures. Judging by what is happening at our refinery, all these billions allegedly saved by state acceptance are a fiction. A fiction which only distorts statistical accountability and deludes the government."

Well said! Still, we shall not sweep this assertion from the threshold. We remember all the years the slogan "Soviet Means Excellent" dominated here. And quality got even

worse. State acceptance was formed, but somewhere along the way the struggle for quality was once again reduced to mere ratings. Gosstandart believes that only State Acceptance—the favorite child of this department—can arouse the production workers to actively introduce new production methods and raise employee skill levels. Is this true? I am still procrastinating with my notes, and have been waiting for news of the regular Gosstandart and USSR Minneftekhimprom [Ministry of the Petroleum Refining and Petrochemical Industry] commission, which was sent to Novopolotsk after me. Alas, the news turned out to be of little comfort: at first it was felt that they had agreed to take 17 of 52 products from under the purview of State Acceptance, but the director demanded a corresponding reduction in the number of "observers." "No!," the Gosstandart representatives protested: "break up State Acceptance? We will not allow it!" As a result, those who had already submitted requests for transfers out of State Acceptance have taken them back.

And USSR Minneftekhimprom has now begun wavering: "God is on our side and on the side of State Acceptance! Let whoever pays their wages decide on the number of employees." But the refinery director has stuck to his guns: his messengers have once again been sent to the capital, this time carrying to the USSR Council of Ministers the same letter bearing the 2,000 signatures. They say, "Let the government decide; here is the labor collective's opinion for you."

There is little promise in being at war with state acceptance these days, even if the opinion of thousands of people has been organized. Our working democracy, which has gotten no stronger, sometimes comes under the thumb of the administration, which uses it as a battering ram for its paper-pushing battalions. But if we are having a discussion about state acceptance, we must first admit that we have not yet risen to the heights from which we can reject this, to put it bluntly, extraordinary measure. On the other hand, while we are about it, we should not discredit the matter by acting idly, or with a lack of principle. They say that this is where quality falls through the crack between the requirements of the standards and the real state of production. Who, if not State Acceptance, should build bridges over this crack.

## INDUSTRIAL DEVELOPMENT, PERFORMANCE

### Effect of Seasonal Fluctuations on Industry Examined

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[Article by A. Frenkel, doctor of economic sciences and chief of the RSFSR State Committee for Statistics Main Computer Center's Mathematical Statistics Bureau, and T. Andreyeva, Moscow Economic Statistics Institute post-graduate student: "A Statistical Analysis of Seasonal Fluctuations in USSR Industry"]



[Text] An increase in production efficiency is impossible without the savings and rational use of material, financial and labor resources. That is why—when improving management—work must be performed to eliminate or alleviate the objective and subjective reasons that cause the origination of losses in material production.

Among the reasons leading to losses in the industrial branches, seasonal fluctuations do not occupy last place. The rather regular changes during a year in this or that economic indicator, which are repeated from year to year and which arise not only due to the influence of natural factors but also due to the influence of technical, economic and social ones, are understood under seasonal fluctuations.

K. Marx paid attention to the impact of seasonal factors on industrial production: "Along with the general periodic changes in the phases of the industrial cycle and the special market fluctuations in each production branch, the so-called seasonal and sudden appearance of large orders, which must be filled in a very short time, enter the scene...."

As he pointed out in "Kapital" [Capital], the economic meaning of the appearance of seasonal fluctuations lies—in particular—in the gap between production time and work time. Work time is a certain amount of interconnected work days required to obtain a finished product in a certain production branch.<sup>2</sup> Work time is part of production time and is always less than it. The gap between production time and work time is most clearly evident in agriculture. However, it is also characteristic of industrial branches that process highly perishable agricultural raw materials (sugar beets, starches, syrups, canned foods, etc.).

In such branches, seasonal fluctuations are expressed in the halting of production for a rather protracted time; and in branches where the gap between work time and production time is almost absent,—in the form of rises and falls in production during the year.

The social and economic reasons for seasonal fluctuations are essentially production ones and depend a great deal on natural and climatic conditions.<sup>3</sup> Thus, the change in seasons determines the change in the demand for consumer goods. Most frequently, these factors cause seasonal fluctuations in branches that are technologically free of natural conditions (for example, bakeries, light industry, etc.).

Natural and climatic factors play a definite role in the strictly periodic nature of seasonal fluctuations, although they clearly impact in some branches on their formation; and in others—indirectly through the seasonal branches.

During the Twenties, Ya. Gerchuk used extensive statistical material to show the presence of seasonal changes not only in the traditionally seasonal branches of industry (sugar beet, starch and syrup, peat-cutting, etc.) but also in such branches as the textile, bituminous coal, paper, and even metallurgical ones.<sup>4</sup>

Seasonal fluctuations cause an arrhythmia in industrial production and lead to a requirement to establish capacity reserves and seasonal stocks.<sup>5</sup> The presence of the seasonal factor in different branches of industry is one of the reasons for the existence of such problems as those concerning the rational use of fixed and working capital, the optimum use of work time and labor resources, the equal loading of production equipment, etc. When cutting peat, equipment works at full capacity during the warm time of the year; and equipment in hydroelectric stations—during high water periods. This leads to its irrational use. This problem is most acute in the canning industry and the sugar beet and other branches that process agricultural raw material and work intensively during the mass ripening of agricultural crops. During this same time frame, raw material can arrive at enterprises, which are not directly connected with agriculture (for example at metallurgical and machine building enterprises) in an irregular manner because of the increased freight traffic on railroads. This also leads to unevenness in the use of equipment here.

In other industrial branches, such a situation can be caused by a change in the population's demand. The production of bakery items during the summer in large cities has to be reduced because of the reduced demand for these products due to an increase in the consumption of vegetables and fruit.

In the industrial branches that operate using highly perishable agricultural raw material, the problem of optimizing the ratio of expenditures on using the main producer goods and outlays for storage also exists. The duration of production in the sugar beet industry, for example, lasts approximately 200 days. The production of starch from potatoes is also limited in time because the starch is converted into carbonic acid and water when potatoes are stored for a protracted time.

The unfavorable consequences of prolonged storage of highly perishable raw material in these branches requires its very speedy use and the reducing of the production period to a minimum. This creates a need to increase production capacities to handle the same amount of raw material that is processed during longer production periods.

Therefore, the action of the seasonal factor causes a number of economic problems to appear in industrial production. Their solution is basically being carried out in the traditionally seasonal branches of industry (canning, sugar beet, starch and syrup, etc.) where they are striving to alleviate the impact of seasonal fluctuations by using more advanced technologies. Refrigerating



plants in the canning industry and the drying of beets in the sugar beet industry are permitting products to be produced more smoothly and the raw material to be stored for longer times without a substantial loss in its properties. However, seasonal fluctuations are not being eliminated here but only being transferred to another part of the technological chain—the preparatory one: the freezing of raw material and its drying. That is why the problems, which seasonal deviations are giving birth to, are not disappearing. The alleviation of their negative effect can be achieved by a different method—improving the organization of the production process. The selection of the optimum sizes for raw material zones and of the variety of canning factory products can insure a sufficiently complete load on equipment for a relatively protracted time. We are talking, for example, about the output of products using vegetables and fruits that mature at different times.<sup>6</sup>

Let us point out that sufficient attention is not being paid to alleviating the negative impact of seasonal fluctuations on industrial production. Seasonal deviations in the branches of industry that are technologically free of the effect of the natural factor are practically not being taken into consideration although the reduction of their impact on a number of industrial branches would permit the smoothness of production to be raised and the volume of produced products to be increased without involving additional capital investments.

To analyze the seasonal fluctuations in USSR industry in accordance with data published in *EKONOMICHESKAYA GAZETA*, we have taken monthly production volume data for certain types of industrial products expressed naturally for 1981-1986. As a rule, the quarterly data was published only as an increasing result from the beginning of the year. That is why the missing information for the last month of each quarter was computed in the form of the difference between the total values of the two last months of the quarter from the beginning of the year.

Information for all types of industrial products has not been published regularly. For the missing month, it is calculated as the difference between the production volume since the beginning of the year to the month following the accounting one and its amount since the beginning of the year to the month preceding the accounting one. The production volume for the month following after the missing one is calculated from the obtained result.

During the analysis of the seasonal changes, we proceeded from the accepted grouping of product types depending on the affiliation of the branch producing them with this or that national economic complex. In each one of them, the seasonal phenomena were examined separately.

The seasonal fluctuations in the production of individual types of industrial products were analyzed by determining seasonal indices. Based on the fact that a time series can be presented in the form of the following components: trend and seasonal and accidental component, the calculations were made using the following schema. For each time series reflecting the dynamics of product output, the linear trend was calculated using the smallest square method. Next, the seasonal indicator was computed for each month of the year. It defined the relationship of the actual amount of product produced in a given month to the value computed according to the trend (in percentages).

As a result, the aggregates of the seasonal indicators, which describe the distribution of the deviations during the year from the main development trend, were obtained for each time series for individual months in the period being examined. The latter arise not only under the influence of seasonal factors but also from accidental reasons. That is why, we calculated the average seasonal indices for location, which were later leveled out, to eliminate the effect of the accidental factor and obtain a sufficiently stable picture of the fluctuations during the year.<sup>7</sup>

In order to describe the seasonal deviations for each type of product being examined, we considered the descriptions of the average degree of seasonal fluctuations and the range of seasonal fluctuations. The first indicator was calculated as the average arithmetic of the absolute values of all deviations from the trend (in percentages) and the second—as the difference between the maximum and minimum deviations taken for their absolute value.

The degree of seasonal fluctuations was highest for those types of products during whose production the natural factor had a strong impact. The majority of product types in the fuel and energy complex, the agroindustrial complex food industry and chemical and timber complex merchantable wood are related to these.

The impact of natural and climatic conditions on the production of fuel and energy complex products is displayed through the seasonal nature of the use of its products by the population and industrial enterprises. The average degree of seasonal fluctuations for this complex is one of the highest and yields only to the agroindustrial complex light industry and merchantable wood. The production of electrical energy has the highest seasonal fluctuation indicator in the fuel and energy complex; and the extraction of oil—the least. A slump in production during the spring and summer is basically observed in the branches of this complex.

The production of electrical energy increases in thermal and hydroelectric power stations from October to March. Fluctuations in the operation of thermal electric power stations depend on the use of energy. Natural drainage conditions, i.e., the conditions for producing



energy, have a substantial impact on the operation of hydroelectric power stations. That is why the seasonal fluctuations in the production of electricity are caused by two types of reasons: the demand for it and the conditions for obtaining it.

The decrease in the production of electricity during the spring and summer is primarily explained by the reduction in expenditures for heating and the longer daylight hours connected with the shift to summer time on 1 April. A total of 156 billion kilowatt hours of electricity were produced in December 1986; and 116 billion kilowatt hours—in June.

Since natural and climatic conditions cause the mentioned reasons, it is impossible to eliminate seasonal fluctuations in the operation of electric power stations; they can only be reduced. Including hydroelectric power stations with periods of increased and reduced water expenditures that do not coincide, retaining water during high water and also arranging for the supply of electrical power to consumers at different times of year from different sources contribute to a certain smoothing out of the seasonal fluctuations in its production.<sup>8</sup>

Seasonal fluctuations in the extraction of oil do not have a naturally determined stable nature because here, it is evident, there is no natural mechanism that causes persistent periodic fluctuations.

The extraction of oil depends on specific natural conditions—the power of the gusher strata. At the required time, it is possible to strengthen or weaken it by directly regulating the action of the gushers.

The nature of the seasonal fluctuations in the extraction of gas and coal are approximately identical. The average degree of seasonal fluctuation is 3.4 and 3.0 percent, respectively. The extraction of these types of products decreases during the spring and summer (the slump in the coal mining industry also embraces the autumn months) and increases during the winter. Gas and coal are basically used in the national economy as a type of fuel. That is why the dependence of their requirement on demand can be one of the reasons for the unequal mining of bituminous coal and gas over the course of a year. The expenditure of fuel for heating needs is, naturally, significantly higher during the colder seasons of the year.

Here, we are talking about absolute seasonal fluctuations. A seasonal fluctuation, whose cause is rooted in the biological or physical processes of living nature, is called an absolute one.<sup>9</sup> It is impossible to eliminate it completely; it is only possible to reduce its impact. In this case, the regulation of fluctuations during the year both in the extraction and in the use of fuel can be achieved by the creation of seasonal stocks and reserve capacities and by the interchangeability of its different types.

Seasonal fluctuations in the output of industrial products are also observed in branches where production technology is not completely connected with changes in natural and climatic conditions. In these branches, technical, economic and social seasonal fluctuation factors emerge first and foremost; the effect of the natural factor is displayed only through them. All branches in the metallurgical complex, which has the smallest seasonal fluctuation indicator values, have this type of technology. The degree of seasonal fluctuation for the complex averages 2.3 percent and its range is 5.5 percent.

The mining of iron ore, which has the lowest degree of seasonal fluctuation (1.9 percent) is characterized by an increase in production during the spring and summer and its decrease during the fall and winter. The trouble is that the arrival of cold weather sharply worsens the conditions for mining iron ore. Steel and ferrous rolled metal production are close to each other based on the distribution of fluctuations during the year. A rise during winter and spring and a drop during the summer and fall (repair work is planned during the summer, and working conditions moderated because of the heat in the steel smelting shops are stipulated during the summer) are characteristic of their production. A small increase in production is observed during July, August and October.

The production of steel pipes is characterized by the highest degree of seasonal fluctuation (3.0 percent) in the metallurgical complex. The increase during March is replaced by a decrease in May; then—by an increase during the summer (especially in August); after this—by a slump and an increase in October and December. The change in the requirement for steel pipes over the course of a year explains this production dynamic. The increase in the demand for this product during the mentioned time frames is connected with the requirement to perform irrigation work in a number of the country's regions and the need for preventive and capital repairs to water distribution and heating systems.

The production of almost all types of chemical and wood complex items cited in the table is technologically free of the influence of the natural factor. Here, only the manufacturing of merchantable wood is closely linked with natural conditions. As a result, a clearly expressed seasonal fluctuation, whose average degree has reached 34.9 percent and the range of seasonal fluctuation—66.8 percent, is characteristic of this item. The peak production of merchantable wood occurs in December; and the minimum—in May. As Z. Ponomareva points out, this slump is explained not by a decrease in the production of wood but by the absence of roads that can be used year round. The wood, which is procured during the spring and summer, often cannot be moved to its destination because of the bad road season.<sup>10</sup> The production of merchantable wood increases regularly at the end of each quarter. This is explained by rush work. The mentioned causes for the lack of smoothness in the production of



merchable wood can be eliminated—if not completely at least partially—by improving the organization of the work and by perfecting management.

For the other branches in the complex, the seasonal fluctuations are not as great. The average degree of seasonal fluctuation varies within the limits of 2.4-4.1 percent. A slump in production is observed during the spring and summer or summer and fall for all types of products except chemical fibers and threads. The reasons for this are mainly the massive vacations and repair work during the summer and the load on the railroads (the basic type of transport for transporting goods) during the ripening period of agricultural crops. For certain types of products the decrease in production is explained by the distinctive features of its organization and technology. For example, a considerable portion of production equipment in enterprises producing mineral fertilizers, synthetic resins and sulfuric acid are in open areas. Here, the annual repair of assemblies required for the production process is planned during the summer. Naturally, this leads to a curtailment in production during this time.

The specific features of production technologies also explain the decrease in the output of caustic soda during the summer. Chlorine, which requires a certain storage temperature, is the main raw material for obtaining it. During the summer, the air temperature rises and the risk of a dangerously explosive situation originating arises. That is why they try to decrease the amount of caustic soda being produced.

Those branches where non-food consumer goods: light industry items and cultural, everyday and household goods, are produced, are part of those branches in which the action of natural and climatic causes do not affect production conditions. The average degree of seasonal fluctuation in the social complex varies from 2.0 percent (the production of refrigerators) to 6.1 percent (the production of footwear.)

The production of light industry items is characterized by a sharp slump during the summer and fall. The largest decrease in the production volumes of knitted fabrics and cloth occurs during August (the maximum deviation from the trend for knitted fabrics has reached 1.7 percent; and for all types of cloth—13.0 percent); and for footwear—during July (the corresponding deviation is 18.6 percent). An insignificant rise in the production of these types of light industry items is noted during the fall. On the average, the output of knitted fabrics during September exceeds the values calculated according to the trend by 0.6 percent; of cloth during October—by 4.0 percent; of footwear during October—by 3.4 percent.

What are the reasons? First, the decrease in production is linked with the summer vacation peak and preventive repairs and, secondly, with a decrease in the supply of raw material—fiber and leather. In turn, their production during the summer can be reduced because of the

fact that the old stocks of raw material have been used up and the new ones have still not arrived. The new supplies of raw material for the production of fibers are resumed after the harvesting of flax, cotton and other agricultural crops; and for the production of footwear—after the mass slaughter of cattle. May and November have several holidays and that is why the production volume of the mentioned types of industrial products decreases. You see, their production is interruptible.

Thus, the seasonal changes in the production of cloth, knitted fabrics and footwear are also caused by the influence of the natural factor.

For the majority of the remaining types of cultural, everyday and household goods, a slump in production is observed during the summer and fall and an insignificant decrease in output during January, May and November (this does not concern radio receivers). The cause of the slump is the same as mentioned above—plus the diversion of industrial production personnel to agricultural work, etc. To all appearances, holidays cause a decrease in the output of products during the mentioned months because of the interruptible nature of production.

Thus, in the chemical, wood and metallurgical complexes and in the branches producing non-food consumer goods, the seasonal fluctuation in production has basically a relative nature. With rare exceptions (marketable wood and iron ore), the production processes of the branches in these complexes are not linked with the physical or biological processes of living nature. The natural and climatic conditions do not directly impact on the production dynamic in these branches but through a chain of interconnected branches, one of which is characterized by absolute seasonal fluctuations. First and foremost, the social and economic factors (repair work, peak summer vacations, holidays, the demand for products, production ties, etc.) emerge in the mentioned complexes as the ones forming seasonal fluctuations. In the majority, they regulate themselves. That is why it is necessary to reduce the impact of seasonal fluctuations on industrial production in these industrial branches. This is can be done by improving planning, organization and production processes and by alleviating their impact in branches with absolute seasonal fluctuations.

The highest indicators of seasonal fluctuation are typical of the production of items by agroindustrial complex food industry branches. The average degree of seasonal fluctuation in meat production is 20.0 percent; and the range is 88.0 percent; the seasonal phenomena are expressed during a spring and summer slump in production with a minimum in April and during an autumn and winter rise with the maximum in December. The reason for this is rooted in the uneven arrival of raw material. Cattle are fattened during the spring and summer, their massive slaughter begins in the fall, and the peak issue of meat occurs at the end of the year.



The production of animal oil is subjected to large seasonal fluctuations. Here, the average degree of seasonal fluctuation is twofold higher than for meat, and the range of the seasonal fluctuation is less than 1.6-fold. When analyzing the sum total of average seasonal fluctuation indices for whole milk products, a lower deviation (the average degree of seasonal fluctuation is 6.1 percent; and the range—13.6 percent) is noted. A rise during the summer (especially for animal oil) and a slump during the winter is characteristic of the production of milk and animal oil. True, the output of whole milk products is insignificantly reduced during July and August. This can be connected with the decrease in milking during the hot weather.

The contrary nature of the seasonal phenomena in the dairy and meat industry is explained by the fact that the milk yield is highest and, consequently, the delivery of raw material is greatest during the summer and fall in view of the organization that has taken shape with the reproduction of the herd and the biological peculiarities of the animals.

In the meat and dairy industry, the decrease in the impact of seasonal fluctuations is being achieved by organizing uniform calving in animal husbandry and the carrying out of work to improve the conservation of raw material in the branch itself (increasing the capacity of refrigerators, their technical improvement, and the receipt of powdered and concentrated milk and other convenience foods).

Therefore, seasonal fluctuations in individual branches of industry are caused by problems in the rational use of material and labor resources, work time, etc. A continual analysis and forecasting of seasonal phenomena and the use of these forecasts in operational planning can contribute to their solution. At the present time, it is possible to examine the problem of seasonal fluctuations in industry in an integrated manner and as an inter-branch one, without locking oneself into the framework of some one branch.

With the development of computer equipment and modern forecasting methods, it is now completely realistic to automate the collection and accumulation of information and, on the basis of this, to regulate the seasonal changes in an integrated manner. The use of computers, however, will not permit all questions to be solved since the complexity of the seasonal fluctuation problem in industry still consists of the fact that the avenue for alleviating seasonal changes in each specific case and in each specific enterprise will depend on the specific production conditions.<sup>11</sup>

1) The degree of acceleration in the turnover of working capital;

2) The amounts of additional capital investments required to alleviate the impact of seasonal fluctuations;

3) The impact of technological, organizational and other changes in a given enterprise on the production associated with it.

Moreover, it is necessary to take into consideration the advisability of regulating measures for branches and for the national economy as a whole so that the advantages from alleviating seasonal fluctuations in an enterprise are not converted into losses for the branch or national economy.

Thus, the impact of the seasonal fluctuation factor on industrial production is posing a number of problems for the economics of industry. Their solution is possible based on research into seasonal deviations and the integrated regulation of seasonal changes both for industry in general and for its individual branches.

#### Footnotes

1. K. Marx and F. Engels, "Socheniynia" [Works], Vol 23, p 489.

2. Cf. *ibid.*, Vol 24, pp 269-270.

3. Cf. I. N. Leontyev, "The Concept and Essence of Seasonal Economic Phenomena" in the collection 'Trudy Konyunktornogo instituta [Works of the State of the Market Institute], Moscow, Statizdat TsSU SSSR, 1929, Vol 1, pp 5-18.

4. Cf. Ya. P. Gerchuk, "Sezonnyye kolebaniya v promyshlennosti" [Seasonal Fluctuations in Industry], Moscow, Gosizdat, 1930.

5. Cf. V. I. Zorkaltsev, "Vliyaniye sezonnogo faktora na promyshlennoye proizvodstvo" [The Impact of the Seasonal Factor on Industrial Production], Izv. SO AN SSSR, General Science Series, 2d ed, 1978, pp 55-59.

6. Cf. V. P. Valeyko, "Nekotoryye voprosy sglazhivaniya sezonnosti v konservnoy promyshlennosti s primeneniye matematicheskikh metodov" [Some Questions in Smoothing out Seasonal Fluctuations in the Canning Industry Using Mathematical Methods], Kishinev, Kartya Moldovenyaske, 1968.

7. Cf. F. Mills, "Statisticheskiye metody" [Statistical Methods], trans. from the English, Moscow, Gosstatizdat, 1958, pp 362-363.

8. Cf. Gerchuk, *op. cit.*

9. Cf. Z. F. Ponomareva, "Problems in Using Manpower in Seasonal Industrial Branches (Using the Example of the Logging Industry)," abstract of the author's dissertation presented for the degree of candidate for economic sciences, Moscow, (Moscow Economic Statistics Institute), 1970, p 7.

10. Cf. *ibid.*



11. Cf. Ya. P. Gerchuk, "Problems in Fluctuations During the Year in the Work of Large-Scale Industry and Measures To Combat Them, (as the Statement of a Question)," PUTI INDUSTRIALIZATSII, No 1, 1929, p 42.

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## REGIONAL DEVELOPMENT

### Decrees on Reconstruction Aid to Armenia Published

#### Aid to Cities and Rayon Centers

18200240 Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIK (OTDEL PERVYY) in Russian No 3, 1989 pp 43-55

[Decree No 8 of the CPSU Central Committee and USSR Council of Ministers "On Measures to Assist the Armenian SSR in the Restoration and Construction of Earthquake-Damaged Cities, City-Type Settlements and Rayon Centers"]<sup>1</sup>

[Text] The CPSU Central Committee and USSR Council of Ministers note that as a result of a destructive earthquake that occurred on 7 December 1988 in the Armenian SSR the republic's economy and population suffered enormous damage.

The natural disaster covered a considerable part of Armenia's territory. Tens of thousands of people were killed and injured and hundreds of thousands were left homeless. Objects in the production and sociocultural sphere were destroyed and damaged in cities and rayons affected by the earthquake. The cities of Spitak and Stepanavan were almost completely destroyed; vast areas of the city of Leninakan were also destroyed.

With the active participation and assistance of all union republics, USSR ministries and departments, members of the Soviet armed forces, public organizations, foreign states, and private citizens, top-priority measures have been instituted to facilitate rescue operations, to evacuate, and to provide temporary shelter for the population, and to organize the work of trade, transport and communications enterprises as well as of public health institutions.

The nation's working people are coming forth with numerous patriotic initiatives, are participating in restoration work, and are donating their personal savings to the earthquake aid fund.

The CPSU Central Committee and USSR Council of Ministers decree:

1. That the restoration and construction of dwelling houses and objects in the production and sociocultural sphere in earthquake-damaged areas (with the aid of all

union republics and USSR ministries and departments) shall be deemed the main task of the Armenian CP Central Committee and Armenian SSR Council of Ministers and of the republic's party, soviet, trade union, Komsomol, and economic organizations in 1989-1990.

That top priority shall be given to providing the population and persons participating in work to liquidate the consequences of the earthquake with food and warm clothing, to carrying out sanitation and prophylactic measures, to organizing medical care, to finding jobs for earthquake victims, and to finding shelter for them in residential and other types of buildings suitable for habitation in the winter time, including the use of the existing housing fund and new houses that are being readied for commissioning in cities and other population centers of the Armenian SSR regardless of the agency to which the housing belongs.

2. That the initiative of the communist party central committees and councils of ministers of union republics, the Moscow City Party Committee and Moscow Gorispolkom, the Moscow Oblast Party Committee and Moscow Oblast Executive Committee, the Leningrad Oblast Party Committee and Leningrad Gorispolkom, the All-Union Central Council of Trade Unions, the Central Committee of the All-Union Komsomol, USSR ministries and departments, and work collectives to assist the Armenian SSR in connection with the natural disaster that has befallen the republic shall be approved.

That temporary shelter shall be provided for evacuees from regions affected by the earthquake (in dwelling houses ready to be commissioned, dormitories, sanatoria, rest homes, holiday centers, boarding houses, Young Pioneer camps, and other premises suitable for habitation); that they shall also be provided with medical care and employment.

3. That the USSR State Committee for Public Education and councils of ministers of union republics together with the Armenian SSR Council of Ministers and the Central Committee of the All-Union Komsomol shall take the necessary measures to organize the educational-upbringing processes for school and preschool age children evacuated from the Armenian SSR; that premises, manuals, teaching and upbringing personnel shall be provided for these purposes (with the organization of instruction in the native language); and that the education of students and pupils/trainees of secondary specialized education institutions and vocational-technical training schools destroyed by the earthquake shall be destroyed.

4. The adoption of proposals:

(a) by communist party central committees and councils of ministers of union republics, the Moscow City Party Committee and Moscow Gorispolkom, the Moscow Oblast Party Committee and Moscow Oblast Executive Committee, the Leningrad Oblast Party Committee and



Leningrad Gorispolkom, and USSR ministries and departments to build and commission four million m<sup>2</sup> of housing (including the construction and restoration of citizens' individual dwelling houses) together with socio-cultural, service, and trade facilities, including general education schools with 63,000 pupil places, preschool institutions with 15,400 places, hospitals with 4820 beds, outpatient clinics with a capacity of 8900 patient visits a shift, as well as other facilities with engineering structures, communications, boiler rooms, and the improvement of grounds (including nature protection facilities) according to Appendix No 1 in Leninakan, Spitak, Alaverdi, Artik, Dilizhan, the settlement of Maralik and the rayon centers Amasiya, Akhuryan, Gukasyan, and Gugark in the Armenian SSR in 1989-1990.

That top priority shall be given to the construction of public catering enterprises with 41,000 seats, 93,000 m<sup>2</sup> of trade area, 14,000 tons of refrigerated storage area, and 82,000 m<sup>2</sup> of general warehouse area to ensure the uninterrupted supply of builders and the population with food and primary necessities in earthquake-damaged regions.

This construction shall be carried out in 1989-1990 by Moscow Gorispolkom, Moscow Oblispolkom, Leningrad Gorispolkom, and USSR ministries and departments within the capital investment ceilings indicated by councils of ministers of union republics, including the proportional part of capital investments that have been transferred to enterprises and organizations on a share participation basis (this includes construction financed by the corresponding funds of these enterprises and organizations in agreement with the work collectives);

(b) by councils of ministers of union republics, the Moscow Gorispolkom, Moscow Oblispolkom, Leningrad Gorispolkom, the Ministry of Construction in the Northern and Western Regions of the USSR, the Ministry of Construction in the Southern Regions of the USSR, the Ministry of Construction in the Urals and West Siberia Regions of the USSR, the USSR Ministry of Construction of Petroleum and Gas Industry Enterprises, the USSR Ministry of Power and Electrification, the USSR Ministry of the Coal Industry, the USSR Ministry of Medium Machine Building, as well as USSR ministries and departments whose enterprises have been damaged by the earthquake, on the performance of work indicated in the present subparagraph by subordinate contractor organizations within the limits of the material-technical resources allocated to them.

5. That the Armenian SSR Council of Ministers and USSR Gosstroy shall within a 2-week period define the zone of activity of enterprises and organizations of USSR ministries and departments and councils of ministers of union republics participating in the liquidation of the consequences of the earthquake.

6. That councils of ministers of union republics together with ministries and departments that are clients and contractors shall examine the results of the conclusion of contracts for contractor-performed work in 1989, shall provide construction projects with planning estimates and equipment and shall, in agreement with USSR Gosplan, USSR Gosstroy, USSR Gossnab, and permanent organs of the USSR Council of Ministers, reach a decision on redefining the volume of capital investments and construction-installation work by republics, bearing in mind the use of liberated financial and material resources to compensate costs associated with rendering assistance to the Armenian SSR in liquidating the consequences of the earthquake.

7. That the construction of dwelling houses together with socio-cultural, service, and trade facilities (including nature conservation facilities) in earthquake-damaged population centers of the Armenian SSR not indicated in paragraph 4 of the present decree and facilities of enterprises and organizations of republic jurisdiction shall be carried out by the Armenian SSR Council of Ministers within the limits of the capital investments and material-technical resources allocated to the republic with the exception of transport and communication facilities, in the restoration of which other union republics will also participate.

8. That the ArSSR Council of Ministers together with the State Committee for Architecture and City Planning under USSR Gosstroy shall in the first quarter of 1989, after consulting seismic zoning maps, prepare master plans of cities and settlements and detailed draft plans of residential regions and development plans, that shall provide for:

—the construction of dwelling houses that are as a rule no more than four stories high, and the individual construction of cottage-type houses that conform to local demographic conditions and national traditions;

—the restoration of historical regions of cities based on a detailed study of the consequences of the earthquake and integrated work on capital repair, reconstruction and restoration of dwelling houses and public buildings, including historical and architectural monuments.

That the USSR Academy of Sciences together with the ArSSR Council of Ministers shall prior to 15 January 1989 correct the seismic zoning map of the Armenian SSR and compile seismic microzoning maps of cities and settlements designated for restoration.

The construction of buildings and structures must accord with integrated designs that take leading Soviet and foreign experience in erecting such buildings in seismically active regions into account and that ensure a high degree of reliability in their operation.

The development of cities and other population centers must be strictly in accordance with the master plans.



9. Councils of ministers of union republics and USSR ministries and departments participating in the liquidation of the consequences of the earthquake shall, taking into account the proposals of the Armenian CP Central Committee and the ArSSR Council of Ministers, see to it that dwelling houses and public buildings are of earthquakeproof design and are built primarily from cast-in-place reinforced concrete and local natural stone.

USSR ministries and departments participating in the liquidation of the consequences of the earthquake shall see to it that subordinate enterprises fabricate forms required for cast-in-place house construction in the volume required to fulfill the established targets for the construction of residential and public buildings.

10. The ArSSR Council of Ministers:

—shall establish unified client services [*sluzhby yedinogo zakazchika*] in earthquake-damaged cities and rayon centers and assign them the responsibility for coordinating work on the integrated development of territory and for accepting completed construction projects and city planning complexes for operation;

—shall exercise continuous architectural-construction oversight over the implementation of approved urban master plans, detailed plans of residential regions, over the totality of the development effort, and over the quality of construction and restoration-repair work.

In the interest of coordinating the activity of clients, contractors, and other participants in restoration work, proposals of the ArSSR Council of Ministers on the creation of the following for the period of this work shall be accepted:

—under ArSSR Gosstroy: the Main Administration of Capital Construction, headed by a deputy chairman of ArSSR Gosstroy who is at the same time chief of this Main Administration;

—under ArSSR Gosstroy: four construction administrations with the additional establishment of the post of first deputy chairman of ArSSR Gosstroy.

The cost of maintaining the Main Administration shall be defrayed from funds provided for the maintenance of the directorates of enterprises (facilities) under construction in the republic; the cost of maintaining the indicated administrations shall be defrayed from funds provided in the consolidated estimates under the established procedure.

11. ArSSR Gosstroy shall be charged with the functions of:

(a) general designer of civil housing projects in earthquake-damaged cities and settlements of the Armenian SSR.

The siting of these projects is carried out by design organizations subordinate to councils of ministers of union republics and USSR ministries and departments that are building them;

(b) general contractor for construction and restoration work in the cities of Leninakan, Kirovakan, Dilizhan, Alaverdi, Artik, and Spitak, the settlement of Maralik, and the rayon centers of Gukasyan, Amasiya, Akhuryan, and Gugark.

USSR Gosstroy together with the ArSSR Council of Ministers shall within 1 month approve the general provisions defining the interrelations of ArSSR Gosstroy's construction administrations with organizations performing work to liquidate the consequences of the earthquake and shall also coordinate the activity of the indicated organizations.

12. Responsibility for performing work:

—on the construction of external water, sewerage, and heat supply networks in the cities of Kirovakan, Spitak, Dilizhan, and Alaverdi and the rayon center of Gugark shall be assigned to the USSR Ministry of Construction of Oil and Gas Industry Enterprises; in the cities of Leninakan and Artik, in the settlement of Maralik, and in the rayon centers of Gukasyan, Amasiya, and Akhuryan—to the USSR Ministry of Land Reclamation and Water Resources;

—on the construction of gas supply networks and facilities in all earthquake-damaged cities and rayons shall be assigned to the USSR Ministry of the Gas Industry;

—on the restoration of destroyed and construction of new power generating facilities regardless of capacity in all earthquake-damaged regions and in newly rebuilt cities and settlements shall be assigned to the USSR Ministry of Power and Electrification.

13. That ArSSR organizations and enterprises shall perform 300 million rubles' worth of work in 1989-1990 on the restoration, repair and reinforcement of dwelling houses, cultural, service, public health, municipal service, and trade facilities, of educational and administrative buildings, and other facilities of republic organizations and enterprises damaged by the earthquake.

That 150 million rubles shall be allocated from the reserve fund of the USSR Council of Ministers to the ArSSR Council of Ministers for the financing of this work in 1989.

That the USSR Ministry of Finance and USSR Gosplan shall make appropriate provisions for allocations in the draft budget for 1990.



That the ArSSR Council of Ministers shall be allocated material-technical resources in accordance with Appendix No 2 for the performance of repair and restoration work at earthquake-damaged facilities in 1989-1990.

14. That organizations and enterprises building on this territory shall disassemble buildings and clear debris from construction sites using transport allocated to the ArSSR Council of Ministers.

In 1988, the disassembling of buildings, rescue operations, and the transfer of workers, construction machinery, vehicles, and material resources by aircraft and other types of transport shall be financed by allocations not used by USSR ministries and departments and councils of ministers of union republics for the financing of capital investments.

Within 1 month, USSR Gosstroy shall establish a procedure for including in the estimates the cost of performing the indicated work. Work performed in 1988 and in the first quarter of 1989 shall be remunerated on the basis of accounting information on the cost of the volume of work actually performed.

The ArSSR Council of Ministers shall secure the use of components and parts of buildings suitable for construction and the processing of earthquake-destroyed components and scrap for the purpose of extracting metal and producing construction materials. USSR Gosstroy shall render technical assistance in the organization of this work.

15. The adoption of proposals by councils of ministers of union republics and USSR ministries and departments participating in restoration work in the Armenian SSR on sending construction-installation trains to this republic for the purpose of performing construction, planning-surveying, and other work connected with the liquidation of the consequences of the earthquake.

Recommending that councils of ministers of union republics and USSR ministries and departments participating in restoration work in the Armenian SSR create associations, trusts, and other subdivisions for the purpose of carrying out their job of liquidating the consequences of the earthquake.

That USSR ministries and departments and the councils of ministers of union republics participating in construction in earthquake-damaged regions shall secure the temporary resettlement of personnel belonging to subordinate construction organizations, *inter alia*, through the establishment of settlements consisting mobile buildings with the organization of the necessary cultural and consumer services. Expenditures on the establishment of settlements must be included in the cost estimates for restoration and repair work.

16. At the request of councils of ministers of union republics and USSR ministries and departments, the USSR Ministry of Railways shall:

—organize the transportation of people, equipment, material-technical resources, and structural components in 1989-1990;

—organize, where necessary, railroad cars outfitted with turntables with permanently mounted equipment for the shipment of structural components to the Armenian SSR.

The USSR Ministry of Railways and the USSR Ministry of the Maritime Fleet shall give top priority to Baku-Krasnovodsk ferry shipments of freight from Central Asian regions to the Armenian SSR.

The USSR Ministry of Civil Aviation shall transport emergency national economic cargo and watch brigades to airports of the Armenian SSR for earthquake-damaged regions in a volume and by dates coordinated with councils of ministers of union republics. Proposals shall be submitted to the USSR Council of Ministers on questions requiring the decision of the USSR government.

During the period of restoration work in earthquake-damaged regions, the ArSSR Council of Ministers, the USSR Ministry of Railways, the USSR Ministry of Civil Aviation, and the USSR Ministry of the Maritime Fleet shall, with the participation of responsible representatives of the ArSSR Council of Ministers, organize a special operational organ that will have the function of coordinating the shipping volume and schedule with the schedule of restoration work, of distributing freight among various types of transport, of resolving questions relating to the organization of mixed shipping.

17. The release:

of earthquake-damaged enterprises and organizations and enterprises that in December 1988 did not receive components from enterprises damaged by the earthquake from all types of sanctions for the nonfulfillment of economic contracts in the fourth quarter of 1988 (according to the definition of USSR Gosplan and USSR Gossnab).

18. That there shall be agreement with the proposal of the ArSSR Council of Ministers on the formation of a fund for the liquidation of the consequences of the earthquake, which will receive financial and material resources from ministries, departments, associations, enterprises, organizations, foreign states, and private citizens.

That the recommendation shall be to use this fund to resolve social security problems, to restore and build facilities in the social sphere, including a rehabilitation center for invalids, homes for the aged, boarding homes;



to pay for medical equipment; to restore and strengthen the material-technical base of the republic's construction materials industry and construction industry; to acquire needed construction materials and components; and to cover unforeseen costs connection with the liquidation of the consequences of the earthquake.

19. That the initiative of the Union of USSR Red Cross and Red Crescent Societies, the League of Red Cross and Red Crescent Societies, and the ArSSR Council of Ministers on the construction of a center for backbone and spinal cord injuries and an enterprise for the production of prostheses shall be favorably viewed.

20. The adoption of proposals:

—of the Soviet Peace Fund to allocate 15 million rubles to finance the construction of preschool institutions, hospitals, and schools in earthquake-damaged regions;

—of the Soviet Children's Fund imeni V. I. Lenin and the Central Committee of the All-Union Komsomol on participation in the financing and construction of a school in the village of Dzhdzhur.

21. That the USSR Ministry of Finance and USSR Gosbank, together with specialized USSR banks, USSR ministries and departments, and the ArSSR Council of Ministers shall examine questions pertaining to the cancellation of indebtedness, to covering shortages of own working capital, to postponing and canceling bank loans issued to enterprises and organizations damaged by the earthquake, to the amount of long-term credit to be extended to them, and to making changes in the interrelations of union and republic budgets. Proposals shall be submitted to the USSR Council of Ministers on questions requiring the decision of the USSR Government.

22. That in 1988 and the first quarter of 1989 councils of ministers of union republics, Moscow Gorispolkom, Moscow Oblispolkom, Leningrad Gorispolkom, and USSR ministries and departments shall be authorized to compensate actual expenditures connected with the liquidation of the consequences of the earthquake in the Armenian SSR on the basis of accounting data from general allocations for the financing of capital construction:

—[to compensate] construction organizations and construction-installation trains for additional expenditures connected with the relocation of construction machinery and auto transport means, with the shipment of construction materials and components, and with payment for official travel, and payment for overtime work or work performed on days off under the established procedure;

—[to compensate] design organizations developing planning estimates for work to liquidate the consequences of the earthquake and additional expenditures associated with the performance of design work directly at the construction site.

That beginning with the second quarter of 1989, these costs shall be included in consolidated estimates of construction, repair, and restoration work.

23. In order to accelerate the construction and restoration of earthquake-damaged cities and regions, bonuses of three percent of the estimated cost of construction-installation work shall be instituted for the scheduled or ahead-of-schedule commissioning of dwelling houses, cultural, service, administrative, municipal service, and nature conservation facilities, and scientific research and design organizations unless existing legislation specifies higher bonuses.

Bonuses shall be paid from funds provided for this purpose in consolidated financial estimates of the construction and restoration of a given facility.

24. USSR Promstroybank [USSR Industrial Construction Bank], USSR Agroprombank [USSR Agro-Industrial Bank], and USSR Zhilsotsbank [USSR Bank for Housing and Municipal Services and Social Development]:

—shall in 1989-1990 pay for equipment that was not included in the estimates for construction projects and that was acquired in connection with measures to liquidate the consequences of the earthquake within the limits of the general ceiling placed on capital investments by councils of ministers of union republics and USSR ministries and departments;

—shall in 1989-1990 finance work on the restoration of damaged facilities and on the construction of new facilities in the Armenian SSR to replace facilities destroyed by the earthquake on the basis of uniform rates for the volume of work actually performed.

That specialized USSR banks shall oversee the payment for the indicated work.

25. That the USSR Ministry of Trade shall on the basis of funds allocated to it allocate additional consumer goods, timber, and construction materials to the Armenian SSR Council of Ministers in 1989 for sale to the population as well as prefabricated buildings (modules) from lightweight metal components, arched warehouses, and equipment for trade and public catering enterprises.

That USSR Gosplan shall examine the request of the ArSSR Council of Ministers to increase market allocations of food in 1989 and submit proposals to the USSR Council of Ministers.



26. That USSR banks shall be authorized in 1989-1990 to issue payroll funds to enterprises and organizations damaged by the earthquake in excess of the wage fund (labor remuneration fund) formed according to the norm and to issue payroll funds to enterprises and organizations that have not been converted to the normative method of forming the wage fund—in excess of their assigned labor plan.

That these enterprises and organizations shall be exempted from compensating the overexpenditure of the wage fund and from reserving *rezervirovaniye* the material incentive fund (wage fund) in the event of the violation of the normative correlation between the growth of labor productivity and wages.

27. That persons coming to the Armenian SSR to participate in the construction and restoration of cities and other population centers shall retain their living accommodations at their place of permanent domicile (regardless of departmental affiliation) during the entire time they are working in the Armenian SSR.

28. That the proposal of the ArSSR Council of Ministers, the USSR State Committee for Public Education, and USSR Gosstroy to organize the Yerevan Architecture-Construction Institute on the basis of the corresponding faculties of the Yerevan Polytechnical Institute imeni K. Marx in 1989 shall be adopted.

29. That USSR ministries and departments and councils of ministers of union republics shall submit proposals to USSR Gosplan to amend individual plan indicators for 1989 connected with the consequences of the earthquake in the Armenian SSR based on the results of the work for the first quarter of 1989.

That USSR Gosplan shall examine these proposals and make the appropriate decisions on them.

30. That repair-restoration and construction work performed at facilities damaged by the earthquake in the Armenian SSR shall be counted toward the fulfillment of targets for capital construction and the volume of contractor-performed work in 1988-1990.

31. That construction organizations subordinate to the ArSSR Council of Ministers shall be relieved of work on construction projects in the city of Novyy Urengoy and the Baikal-Amur Mainline specified in Decree No 651 of the CPSU Central Committee dated 12 July 1985 and Decree No 797 dated 20 August 1985 with the exception of construction projects already in progress.

32. That there shall be agreement with the proposal of the Central Committee of the All-Union Komsomol on the design and construction of residential complexes in the republic by youth detachments in the republic in 1989-1991 as well as construction projects that will be

financed by the Soviet Peace Fund and other social organizations. That the ArSSR Council of Ministers shall condemn plots of land on which these residential complexes will be erected.

That the proposal of the Central Committee of the All-Union Komsomol to send youth on Komsomol travel orders [*Komsomolskiye putevki*] and student construction detachments to the Armenian SSR to participate in the construction and restoration of facilities in regions affected by the earthquake shall be approved.

33. That USSR Gosstroy together with USSR Gosplan, USSR Gosnab, the USSR Ministry of Foreign Affairs, the USSR Ministry of Foreign Economic Relations, and the ArSSR Council of Ministers shall examine proposals received from foreign states, firms, organizations, and private citizens on the creation of construction industry enterprises in the Armenian SSR and shall make appropriate decisions concerning them.

34.<sup>2</sup>

35. That permanent organs of the USSR Council of Ministers and ArSSR Council of Ministers shall be obligated to exercise systematic oversight over the course of implementation of the present decree and to submit a quarterly report to the USSR Council of Ministers on the results of the work to liquidate the consequences of the earthquake in the Armenian SSR. That the USSR State Committee for Statistics shall submit the necessary statistical data.

The CPSU Central Committee and the USSR Council of Ministers express the certainty that the central committees of communist parties and councils of ministers of union republics, party kraykoms and obkoms, councils of ministers of autonomous republics, krayispolkoms and oblispolkoms, USSR ministries and departments, work collectives, and all working people in our country will secure the unconditional fulfillment of the targets established by the present decree and will make every effort to secure the earliest possible restoration of cities and other population centers destroyed as a result of the earthquake in the Armenian SSR.

#### **Aid to Rural Areas and the Agroindustrial Complex**

18200240 Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIK (OTDEL PERVYY) in Russian No 3, 1989 pp 55-66

[Decree No 9 of the CPSU Central Committee and USSR Council of Ministers "On Measures to Restore Rural Population Centers and Production Facilities in Armenian SSR Regions Affected by the Earthquake"]<sup>3</sup>

[Text] The CPSU Central Committee and the USSR Council of Ministers note that as a result of the earthquake in the Armenian SSR, 342 rural population



centers were entirely or partially destroyed in the republic's rural regions; 58 villages were entirely destroyed and more than 54,000 dwelling houses, 83 schools, approximately 90 kindergartens, 84 public health and 2260 trade, public catering, and consumer service facilities were damaged.

Heavy damage was sustained by 209 sovkhozes and 90 kolkhozes and by more than 80 enterprises in the processing industry and the construction industry.

Four poultry factories, approximately 1200 livestock buildings, 2 dairies, 2 meat combines with refrigeration plants, several bakeries, a grain products combine with a mixed feed plant and elevator, a sugar combine, and many other production facilities were destroyed.

Agricultural water mains and distribution networks with a combined length of more than 600 kilometers suffered significant damage. Pressurized irrigation pipelines over an area of more than 90,000 hectares went out of commission. Pumping stations, wells, and other irrigation facilities and production bases of water management organizations were destroyed.

Many of these enterprises and facilities have been destroyed to a point where they are beyond restoration. Twenty-four thousand head of cattle and 45,000 sheep and goats died as a result of the earthquake.

The CPSU Central Committee and the USSR Council of Ministers *decree*:

1. That the Armenian CP Central Committee and the ArSSR Council of Ministers and USSR ministries and departments belonging to the agroindustrial complex shall within one month formulate and implement measures to restore all vitally necessary production and municipal facilities and repairable dwelling houses that suffered from the earthquake in order to provide the rural population with housing, food, water, electricity, fuel, transport and communication services, and shall create conditions for the employment of the able-bodied population.

That USSR Gosagroprom, the USSR Ministry of Land Reclamation and Water Resources, and the ArSSR Council of Ministers shall by the beginning of the 1989 irrigation season provide a stable water supply for irrigated land in the zone affected by the earthquake, using mobile pumping stations, sectional pipelines, and other technical means.

2. The adoption of proposals:

By councils of ministers of union republics, the USSR Ministry of Land Reclamation and Water Resources, the USSR Ministry of Grain Products, and the USSR State Committee for Forestry to assist the working people of the Armenian SSR with the manpower and resources of

subordinate organizations in the restoration and construction of earthquake-damaged population centers, dwelling houses, sociocultural, agricultural, forestry, and water management facilities, processing enterprises and other agroindustrial complex facilities in 1989-1990 in accordance with appendices 1-8.

The restoration and construction of the indicated population centers, dwelling houses, processing enterprises and facilities shall be financed by state centralized capital investments and material-technical and financial resources allocated for 1989-1990 by councils of ministers of union republics for the development of the agroindustrial complex and by the funds of enterprises and organizations with the consent of work collectives.

In 1989-1990, the USSR Ministry of Finance and ArSSR Council of Ministers shall, as an exception, deposit insurance benefits for destroyed and damaged buildings and structures to the accounts of clients that are financing capital investments and that have the responsibility of restoring and building facilities on earthquake-damaged farms.

Union republic gosagroproms that are restoring and building facilities and structures in ArSSR regions affected by the earthquake shall establish centralized funds in the amount of five percent of the profits actually received in 1989-1990 by enterprises and organizations subordinate to the agroindustrial committees to be used for financing this work;

[The adoption of the proposal by] Tsentsosoyuz [Central Union of Consumers' Cooperatives] on the financing of work performed by union republic gosagroproms and consumer cooperative organizations on earthquake-damaged ArSSR kolkhozes and sovkhozes to restore and build trade, public catering, bread-baking, receiving-procurement points and agricultural product processing shops carried on the balance sheet of consumer cooperative organizations on the basis of the funding of organizations in the Tsentsosoyuz system.

The USSR Ministry of Land Reclamation and Water Resources shall be assigned responsibility for the coordination of the work of water management organizations of union republics in the ArSSR.

Councils of ministers of union republics, the USSR Ministry of Land Reclamation and Water Resources, the USSR Ministry of Grain Products, and the USSR State Committee for Forestry shall within one month designate the specific responsible performers of work to restore and build facilities in each rural population center, on each kolkhoz and sovkhoz, and at every enterprise damaged by the earthquake in the ArSSR.

3. Responsibility for designing facilities to be restored and built in ArSSR regions damaged by the earthquake shall be assigned as follows:



—design organizations of union republic gosagroproms and gosstroy: dwelling houses, preschool institutions, schools, clubs and other facilities in the social sphere and agricultural production buildings on kolkhozes and sovkhozes;

—design organizations of the USSR State Committee for Forestry: forestry enterprises;

—USSR Gosagroprom, USSR ministries and departments belonging to the agroindustrial complex: processing industry enterprises in the agroindustrial complex;

—design organizations belonging to the USSR Ministry of Land Reclamation and Water Resources: irrigation systems, agricultural water mains, hydraulic structures, pumping stations, production bases of water management and water resource construction organizations.

The design and construction of facilities indicated in this paragraph shall be carried out in strict accordance with the demands of scientific-technological progress, with due regard to the need to increase their earthquakeproofness in keeping with technical specifications issued by the appropriate ArSSR organizations for the engineering support of the facilities.

4. That the acceptance of facilities of the agroindustrial complex in regions of the ArSSR that were damaged by the earthquake and that have been restored or newly built for operation shall be carried out by state acceptance commissions formed in accordance with the existing procedure, with their mandatory inclusion of responsible officials of the republic Gosagroprom and Gosstroy as deputy chairmen at the behest of the ArSSR Council of Ministers.

5. Councils of ministers of union republics together with the ArSSR Council of Ministers, USSR Gosagroprom, the USSR Ministry of Grain Products, the USSR Ministry of Land Reclamation and Water Resources, the USSR Ministry of Land Reclamation and Water Resources, the USSR State Committee for Forestry, Tsentrosoyuz, and with the participation of other interested USSR ministries and departments, shall within 3 months survey rural population centers, dwelling houses, sociocultural, agricultural, forestry, and water management facilities and processing enterprises affected by the earthquake in the ArSSR, shall determine the degree of their destruction, and shall determine the time required to activate facilities and the volume of capital investments and material-technical resources necessary for their restoration and construction.

6. In connection with the direction of capital investments, material-technical and financial resources by union republics and USSR ministries and departments belonging to the agroindustrial complex into the restoration and construction of facilities affected by the earthquake in the ArSSR, USSR Gosplan and USSR Gosagroprom shall, on the basis of proposals by councils of

ministers of union republics, make changes in individual plan targets for 1989 on capital construction in the agroindustrial complex based on performance in the first quarter of 1989. The corresponding refinements in indicators specified in the five-year plan shall be taken into account in the draft of the plan for 1990.

7. In order to improve the population's housing and living conditions in regions of the ArSSR affected by the earthquake, the design, restoration, and construction of rural population centers in these regions shall be integrated with all types of improvement and with the construction of the necessary gas, water, and other engineering networks and communications.

8. In 1989-1990, the ArSSR Council of Ministers, Georgian SSR Council of Ministers, Azerbaijan SSR Council of Ministers, and RSFSR Council of Ministers shall allocate local construction materials based on the requests of construction and water management organizations of union republics and organizations of the USSR Ministry of Land Reclamation and Water Resources participating in the restoration and construction of facilities in the Armenian SSR.

9. In 1989-1990, the USSR Ministry of Installation and Special Construction Work shall fabricate and place at the disposition of the ArSSR Council of Ministers sets of lightweight metal production buildings with a combined area of 15,000 m<sup>2</sup> for the restoration of destroyed construction industry enterprises belonging to water management organizations and 30,000 m<sup>2</sup> for the construction of agricultural processing shops on kolkhozes and sovkhozes.

USSR Gosplan shall within one month redistribute the ceilings for 1989 on lightweight metal components and prefabricated buildings (modules) between customers with due regard to the satisfaction of the needs of the ArSSR Council of Ministers.

USSR Gosplan shall before 1 February 1989 specify the suppliers of material-technical resources (in the required product mix) required for the production of lightweight metal components and modular buildings indicated in the state order for 1989 and shall deliver 55 percent of the annual volume of these resources in the first half of 1989.

10. Councils of ministers of union republics shall be authorized to create client services for the construction of agroindustrial complex facilities in ArSSR regions affected by the earthquake. Expenditures on the maintenance of the indicated services shall be included in the estimated cost of ArSSR agroindustrial complex facilities that are being restored and built.



11. In 1989-1990, the land reclamation network and hydraulic structures on kolkhozes, sovkhozes, and at other agricultural enterprises in ArSSR regions affected by the earthquake shall be maintained by the state budget.

The USSR Ministry of Finance shall make the necessary allocations to the ArSSR Council of Ministers for this purpose.

12. In 1989-1990, the USSR Ministry of Land Reclamation and Water Resources shall build 2000 farmhouses on farms in the Spitakskiy and Akhuryanskiy rayons of the ArSSR under general contracts with the gosagroproms of the corresponding union republics.

13. Farms in the Armenian SSR shall not be required to deliver sugar beets to the state starting in 1989.

14. In 1989-1990, the USSR Ministry of Grain Products shall place 130,000 tons of mixed feed at the disposal of the ArSSR Council of Ministers annually. The production of the indicated quantity of mixed feeds shall be based on raw materials allocated from state reserves for this purpose.

15. The Armenian CP Central Committee and the ArSSR Council of Ministers shall take measures to provide kolkhozes and sovkhozes affected by the earthquake with equipment operators, animal husbandrymen, and specialists in the mass occupations by resettling them from other regions of the republic and to accelerate the restoration and construction of vocational-technical training schools, technicums, and other secondary agricultural education institutions.

USSR Gosagroprom, USSR Gossnab, and USSR Gosplan shall in 1989-1990 place auxiliary educational equipment, vehicles, furniture, and other material resources required for the normal conduct of the educational process at the disposal of the ArSSR Council of Ministers.

16. In order to replace the productive livestock lost as a result of the earthquake, USSR Gosagroprom shall place 15,000 additional head of highly productive heifers at the disposal of the ArSSR Council of Ministers annually in 1989-1990.

In order to supply ArSSR farms affected by the earthquake with high-quality seed for the 1989 spring sowing, USSR Gosagroprom and the USSR Ministry of Grain Products shall deliver agricultural crop seeds requested by ArSSR Gosagroprom.

17. In 1989-1990, the USSR Ministry of Trade and Tsentrosyuz shall place construction materials and plumbing equipment required for the restoration and construction of farmhouses by individual builders in rural regions affected by the earthquake at the disposal of the ArSSR Council of Ministers.

18. The ArSSR Council of Ministers shall see to it that units and assemblies of tractors, trucks, construction machinery, and mechanisms for union republic gosagroprom enterprises and organizations called in to perform construction-restoration work in the Armenian SSR are repaired at republic repair enterprises.

19. At the request of ArSSR Gosagroprom, USSR Gosagroprom shall supply veterinary equipment, medicines, disinfectants, hardware, and auxiliary materials to ensure the normal epizootic situation in 1989 in regions affected by the earthquake.

The USSR Ministry of Finance shall allocate an additional five million rubles to ArSSR Gosagroprom for the implementation of these measures.

20. Councils of ministers of union republics together with ministries and departments—clients and contractors—shall examine the results of the conclusion of contracts for contractor-performed work in 1989, shall provide construction projects in the agroindustrial complex with planning estimates and equipment and, in agreement with USSR Gosplan, USSR Gosstroy, USSR Gossnab, and USSR Gosagroprom shall redefine the volume of capital investments and construction-installation work with an eye to the use of released financial and material resources to compensate the cost of assisting the Armenian SSR in liquidating the consequences of the earthquake.

The ArSSR Council of Ministers shall perform similar work at republic construction projects.

21. Councils of ministers of union republics and USSR ministries and departments participating in the liquidation of the consequences of the earthquake in the Armenian SSR shall—with due regard to proposals of the Armenian CP Central Committee and ArSSR Council of Ministers—build dwelling houses and public buildings in the agroindustrial complex predominantly from cast-in-place reinforced concrete and local natural stone using earthquakeproof components.

USSR Gosagroprom, the USSR Ministry of Grain Products, and the USSR Ministry of Land Reclamation and Water Resources shall see to it that enterprises subordinate to them fabricate forms for cast-in-place construction in a volume necessary to meet the targets for the construction of dwelling houses and public buildings.

In 1989-1990, USSR Gosplan, USSR Gossnab, and the USSR Ministry of Ferrous Metallurgy shall allocate additional rolled metals required for the fabrication of forms.

22. Responsibility for the performance of work in regions of the Armenian SSR affected by the earthquake shall be assigned to:



—organizations belonging to the USSR Ministry of Land Reclamation and Water Resources: for the construction of water mains and water distribution networks and sewer systems in rural areas;

—the USSR Ministry of the Gas Industry: for the construction of rural gas supply networks and facilities;

—the USSR Ministry of Power and Electrification: for the restoration of destroyed power generating facilities and for the construction of new facilities regardless of their capacity.

23. The dismantling of buildings and the clearing of debris from rural areas targeted for development shall be the responsibility of enterprises performing construction in these areas using transport allocated to the ArSSR Council of Ministers.

The cost of dismantling buildings and projects, rescue operation costs, and the cost of transporting workers, construction machinery, means of transport, and material resources by aircraft and other types of transport in 1988 shall be defrayed by capital investments not used by councils of ministers of union republics.

USSR Gosstroy shall within one month establish the procedure for estimating costs connected with the performance of the indicated work. Costs in 1988 and the first quarter of 1989 shall be tallied on the basis of accounting data and the actual physical volume of work performed.

#### 24. Exemptions:

—in 1988, enterprises and organizations affected by the earthquake and enterprises that did not receive component parts in December 1988 from enterprises affected by the earthquake shall be exempted from fines for the breach of contractual obligations;

—enterprises and organizations called in to liquidate the consequences of the earthquake in the Armenian SSR shall be exempted from fines for the breach of contractual obligations in the fourth quarter of 1988 (as specified by USSR Gosplan and USSR Gosstoy).

That the indicated enterprises and organizations shall be authorized to update contracts concluded for 1989.

25. That councils of ministers of union republics, USSR Gosagroprom, and USSR ministries and departments shall be authorized to reimburse—from general allocations for capital construction on the basis of accounting data—the actual costs of liquidating the consequences of the earthquake in the Armenian SSR in 1988 and the first quarter of 1989:

—construction organizations, construction-installation trains, and agroindustrial enterprises shall be authorized expenditures connected with the relocation of construction machinery and means of motor transport, with the shipment of construction materials and components, with official travel, and the performance of overtime work and work on days off under the established procedure;

—design organizations preparing planning estimates for work relating to the liquidation of the consequences of the earthquake shall be authorized additional expenditures connected with the performance of design work directly at the construction site.

Beginning in the second quarter of 1989, the indicated costs shall be included in consolidated estimates of construction and restoration-repair work.

#### 26. USSR Agroprombank shall:

—in 1989-1990 pay the cost of equipment that is not included in the estimates of construction projects and that is acquired in connection with measures to liquidate the consequences of the earthquake in the Armenian SSR within the limits of the general ceilings established on capital investments by councils of ministers of union republics and USSR ministries and departments;

—in 1989-1990 finance work on the restoration of destroyed facilities and the construction of new facilities in the Armenian SSR in place of facilities destroyed as a result of the earthquake, on the basis of uniform rates for the actually performed volume of work.

27. In 1989-1990, USSR Agroprombank shall be authorized to provide payroll funds to ArSSR enterprises and organizations affected by the earthquake in excess of the normative wage fund (labor remuneration fund), and to provide payroll funds to enterprises and organizations not converted to the normative method of formation of the wage fund—in excess of the labor plan assigned to them.

These enterprises and organizations shall be exempted from compensating the overexpenditure of the wage fund.

28. Repair-restoration and construction work at facilities affected by the earthquake in the Armenian SSR shall be counted toward the fulfillment of capital construction targets and the volume of contractor-performed work in 1988-1990.

29. The capital repair of dwelling houses, production buildings and other facilities in the agroindustrial complex as well as other facilities in the social sphere that were affected by the earthquake in the Armenian SSR shall be performed by organizations and enterprises of ministries and departments belonging to the republic's agroindustrial complex.



The ArSSR Council of Ministers shall be allocated 100 million rubles from the reserve fund of the USSR Council of Ministers for the financing of the indicated work in 1989.

USSR Gosplan and USSR Gosstab shall allocate additional material-technical resources to the ArSSR Council of Ministers for the performance of the indicated repair-restoration work in 1989 and shall make provision for their inclusion in the draft plan for 1990.

30. In connection with the absence of a normative sanitary zone, with the considerable destruction and depreciation of structural components, buildings and structures of the Kirovakan Meat Combine, USSR Gosagroprom and the ArSSR Council of Ministers shall move this enterprise from the city center and shall build a meat combine with a capacity of 40,000 tons a shift between 1990 and 1993.

31. USSR Gosplan shall allocate additional funds to USSR Gosagroprom for the purchase of four Swiss cheese production lines from the Czechoslovak Socialist Republic in 1989 and 1990.

32. USSR Gosagroprom shall have 111 prefabricated poultry houses shipped from the German Democratic Republic, 19 broiler farming kits, and 1 line for slaughtering and processing 3000 broilers an hour to the Armenian SSR in 1989-1990.

33. The USSR Ministry of Finance and USSR Agroprombank, together with the ArSSR Council of Ministers, shall examine the question of covering shortages of own working capital; of postponing loan payments and canceling bank loans to kolkhozes, sovkhoses, enterprises and organizations in the agroindustrial complex and consumer cooperatives affected by the earthquake; of the amount of long-term credit to be granted to them; and of changes in interrelations between the union budget and the budget of the ArSSR. Proposals requiring the decision of the USSR Government shall be submitted to the USSR Council of Ministers.

34. Kolkhozes, sovkhoses, construction, and other enterprises and organizations in the agroindustrial complex in ArSSR regions affected by the earthquake will not be converted to full economic accountability and self-financing on 1 January 1989 until their restoration is complete.

35. As an exception, the payment insurance benefits to kolkhozes, sovkhoses and other agricultural enterprises belonging to ArSSR Gosagroprom and consumer cooperative organizations in regions affected by the earthquake shall be authorized in the amount of 100 percent of the balance sheet value of fixed capital and destroyed livestock and property.

36. USSR Gosagroprom and the ArSSR Council of Ministers shall take measures to ensure the timely preparation of agricultural equipment for spring work in 1989 in regions affected by the earthquake, to supply farms with mineral fertilizers, spare parts, repair and technical equipment, and the necessary materials.

USSR Gosagroprom shall before 1 June 1989 ensure the shipment of the material-technical means to the Armenian SSR that are necessary for the spring planting and that were allocated to the republic according to the plan for the first half of 1989.

The CPSU Central Committee and USSR Council of Ministers express the certainty that the Armenian CP Central Committee and ArSSR Council of Ministers, the central committees of communist parties and councils of ministers of other union republics, party kraykoms and obkoms, krayispolkoms and oblispolkoms, USSR Gosagroprom, and USSR ministries and departments will take all measures to restore and build rural population centers and production facilities in regions of the Armenian SSR affected by the earthquake in the shortest possible time and that they will create conditions for the normal functioning of agricultural and agroindustrial production in those regions.

#### **Aid to Industrial Enterprises and the Social Sphere**

18200240 Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIK (OTDEL PERVYY) in Russian No 3, 1989 pp 66-71

[Decree No 10 of the CPSU Central Committee and USSR Council of Ministers "On Emergency Measures to Restore and Build Industrial Enterprises and Subordinate Social Sphere Facilities Affected by the Earthquake in the Armenian SSR"]<sup>4</sup>

[Text] The CPSU Central Committee and USSR Council of Ministers note that as a result of a destructive earthquake in the Armenian SSR, heavy damage was sustained by industrial enterprises situated in the cities of Leninakan, Kirovakan, Spitak, Stepanavan, and Dilizhan, as well as in the Akhuryanskiy, Gugarkskiy, Spitakskiy, Setpanavanskiy, and other rayons in the republic. According to preliminary data, as a result of the earthquake production capacities capable of producing more than 1250 million rubles' worth of industrial output a year were lost.

In order to liquidate the consequences of the earthquake as soon as possible and to secure the full restoration of the Armenian SSR's industrial potential, the CPSU Central Committee and the USSR Council of Ministers decree:

1. That proposals of ministries and departments, coordinated with the Armenian CP Central Committee and the ArSSR Council of Ministers, on the restoration of



destroyed production capacities and the construction of new enterprises and facilities to replace destroyed enterprises and facilities shall be adopted in accordance with Appendix No 1.

That work to restore destroyed industrial enterprises and dwelling houses and facilities in the social sphere carried on their balance sheet shall be carried out by the work force of the corresponding ministries and departments.

That there shall be agreement with proposals by ministries and departments on the creation of construction-installation organizations to this end, on the formation and direction of construction-installation trains, on mobile mechanized columns, and on the organization of directorates of enterprises under construction.

2. That, considering the large scale of destruction of light industry enterprises and the necessity for their fastest possible restoration, general contractor construction organizations shall be summoned to participate in the construction of industrial production facilities to replace the entirely destroyed largest production facilities in that branch in accordance with Appendix No 2 in keeping with USSR Gosstroy's decision.

3. That the ArSSR Council of Ministers shall, after consulting the seismic zoning map, secure the condemnation of plots of land on which to build new enterprises in place of those entirely destroyed by the earthquake.

4. That ministries and departments and the ArSSR Council of Ministers shall secure the preparation of designs for the construction of new enterprises in place of those entirely destroyed by the earthquake in strict accordance with the demands of scientific-technological progress with respect to the level of technology of production and output and with due regard to earthquake-proofness.

5. That in the interest of accelerating restoration work and ensuring the earthquakeproofness of industrial structures, ministries and departments shall expand the use of lightweight metal components. That the USSR Ministry of Installation and Special Construction Work shall secure the top priority delivery and installation of the indicated earthquakeproof components.

That USSR Gosplan shall within one month redistribute the ceilings on lightweight metal components and prefabricated modular buildings allocated for 1989 among customers with due regard to the needs of the enterprises that are to be restored.

That USSR Gossnab shall couple plants that manufacture lightweight metal components and prefabricated modular buildings with suppliers of material-technical resources necessary for their production before 1 January 1989 with the aim of securing the delivery of 55

percent of their annual volume in the first half-year. The allocation of resources for this purpose shall take into account the increase in the weight of earthquakeproof components.

6. That construction and installation organizations of the USSR Ministry of Installation and Special Construction Work and other all-union and republic ministries shall at the orders of USSR Gosstroy and USSR Gosplan be called upon to perform a large volume of special work on the restoration and construction of large facilities.

7. That the restoration work indicated in the present decree shall be financed and that the supply of the necessary material-technical resources shall be within the ceilings on state centralized capital investments and material-technical resources allocated to the corresponding ministries and departments for 1989 and 1990, centralized funds for the development of production, science and technology, and shall also be financed by the economic incentive funds of enterprises and organizations with the consent of work collectives.

That enterprises and organizations shall in 1989-1990, with the consent of the work collectives, direct part of the fund for the development of production, science and technology to be used for housing construction in regions affected by the earthquake.

8. That USSR Gossnab, together with ministries and departments whose enterprises have been destroyed and are scheduled for restoration shall in 1989, on the basis of the undistributed reserve and redistribution among customers, allocate the necessary construction machines and mechanisms, production equipment, electrical equipment, automatic instruments and systems, cable, wire, and other material-technical resources.

9. Exemptions:

—that enterprises and organizations affected by the earthquake and enterprises that in December 1988 did not receive components from enterprises affected by the earthquake shall be exempted from all types of sanctions for the nonfulfillment of economic contracts in 1988;

—that enterprises and organizations called upon to participate in the work to liquidate the consequences of the earthquake shall be exempted from all types of sanctions for the nonfulfillment of economic contracts in the fourth quarter of 1988 (at the decision of USSR Gosplan and USSR Gossnab).

That the indicated enterprises and organizations shall be authorized to update economic contracts concluded for 1989.

10. USSR banks shall in 1989-1990 continue the financing of construction projects and facilities that were allowed to deviate from normative construction time



because of the reduction of capital investments in connection with the use of these investments to finance restoration work in the Armenian SSR.

11.<sup>5</sup>

12. That in 1988 and the first half of 1989, USSR ministries and departments and councils of ministers of union republics shall be authorized to compensate:

—additional expenditures associated with the relocation of construction machinery and means of motor transport, with shipping, with differences in the prices of construction materials and components, with pay raises, with official travel costs, with the performance of overtime work and work on days off, and other additional costs authorized under the established procedure;

--additional expenditures of design organizations connected with the performance of design work directly at the place where destroyed facilities are being restored.

That additional expenditures shall be compensated from common allocations for capital construction on the basis of accounting data on actual expenditures.

That the indicated expenditures shall be included in consolidated construction and repair-restoration work estimates starting in the second half of 1989.

13. That the USSR Ministry of Finance and USSR Gosbank together with specialized USSR banks, USSR ministries and departments, and the ArSSR Council of Ministers shall examine the cancellation of indebtedness, covering shortages of own working capital, the postponement of payments on bank loans and the cancellation of bank loans granted to enterprises and organizations affected by the earthquake, the amount of long-term credit granted to them, and the introduction of changes in interrelations between union and budgets. That proposals shall be submitted to the USSR Council of Ministers on questions requiring the decision of the USSR Government.

14. That USSR Gosstrib shall convey machines, mechanisms and motor transport delivered to the natural disaster zone by ministries and departments in the fourth quarter of 1988 to enterprises and organizations created for the performance of restoration and construction work in regions affected by the earthquake for the purpose of liquidating the consequences of the earthquake.

15. That USSR Promstroybank, USSR Agroprombank, and USSR Zhilsotsbank shall:

—in 1989-1990 pay for equipment that is not included in cost estimates of construction projects and that is acquired in connection with measures to liquidate the consequences of the earthquake, within the general ceilings placed on capital investments by councils of ministers of union republics and USSR ministries and departments;

—in 1989-1990 finance work to restore damaged facilities and to build new facilities in place of those destroyed by the earthquake on the basis of standard rates for the actually performed volume of work.

That USSR banks shall oversee payment for the indicated work.

16. That repair-restoration and construction work performed at facilities affected by the earthquake shall in 1988-1990 be counted toward the fulfillment of targets for capital construction and the volume of contractor-performed work.

17. That persons coming to the Armenian SSR to participate in the construction and restoration of enterprises and other facilities shall retain their living accommodations at their place of permanent domicile (regardless of departmental affiliation) during the entire time they are working in the Armenian SSR.

18. That in order to accelerate construction and to restore industrial enterprises and facilities in the social sphere affected by the earthquake, bonuses shall be instituted for their commissioning on or ahead of schedule in the amount of three percent of the estimated cost of construction-installation work unless existing legislation makes provision for higher bonuses.

That bonuses shall be paid from funds provided for this purpose in consolidated estimates for the construction and restoration of the given facilities.

19. That USSR ministries and departments and councils of ministers of union republics shall examine proposals of enterprises and organizations to revise individual plan indicators connected with the consequences of the earthquake in the Armenian SSR, that were established for 1988, and on the basis of the work for the first quarter of 1989 shall prepare proposals on changes to be made in individual plan indicators for 1989.

That USSR Gosplan shall examine the indicated proposals with due regard to the possibility of compensating the volume of production at other enterprises and the adoption of appropriate decisions concerning them.

20. That the USSR State Committee for Statistics shall establish such an accounting procedure that the volume of production, the size of the work force, and the cost of work to restore and build facilities in regions affected by the earthquake shall be counted separately, independently of the work of enterprises and organizations at other construction projects.

The CPSU Central Committee and USSR Council of Ministers express the certainty that the central committees of communist parties and councils of ministers of union republics, party kraykoms and obkoms, councils of ministers of autonomous republics, krayispolkoms and oblispolkoms, USSR ministries and departments,



work collectives, and all working people in our country will secure the unconditional fulfillment of targets specified in the present decree and will make every effort to secure the earliest possible restoration of industrial enterprises and facilities subordinate to them in the social sphere that have been destroyed as a result of the earthquake in the Armenian SSR.

#### Footnotes

1. Appendices are not cited.
2. Paragraph 34 is not cited as containing a one-time target.
3. Appendices are not cited.
4. Appendices are not cited.
5. Paragraph 11 is not cited as containing a one-time target.

#### **BSSR, Baltic Republics Agree on Basic Principles of Regional Autonomy**

18200334 Riga SOVETSKAYA LATVIYA in Russian  
20 Apr 89 p 2

[Article by V. Tsion and L. Sher, ETA and LATIN-FORM correspondents: "Common Principles, Different Paths"]

[Text] On 12 April Tallin witnessed the end of a conference of specialists from Belorussia, as well as the Lithuanian, Latvian, and Estonian SSR's on exchanging experience to prepare these republics to convert, beginning on 1 January 1990, to the principles of self-government and self-financing.

The protocol published today was the result of a wide-ranging and frank discussion, which continued unabated throughout the sessions lasting for three days in a row. All the delegations, of course, had prepared for this conference well in advance. They included the leading officials of planning organs, financial experts and economists. Each delegation had a "packet of proposals," which it also brought up for general discussion.

The conference operated on the principle of consensus, i.e., the final documents included only that which had been approved and accepted by all the participants. If just one delegation expressed opposition to a certain decision, the latter was removed from the agenda until a "better" time. That is what happened, for example, with the matter of banks' subordination, in particular, the relations between USSR Gosbank and the central banks of the union republics. Here there were proposals to transfer the local banks to union-republic and to purely republic-level subordination.

What were, perhaps, the most animated disputes arose around the problems of material-and-technical supply. Here, too, different variants were proposed, but, in the final analysis, the greatest support was received by the proposal to regulate relations in this area by means of agreements between the government of the USSR and the governments of the union republics.

It was precisely such a democratic quality in the work which allowed all the conference participants "to play with their cards face up," without concealing their divergences or differences from the other views on this or that problem. It is noteworthy that, in closing the conference, R. Otsason, deputy chairman of the ESSR Council of Ministers and chairman of that republic's Gosplan, expressed special thanks to the representatives of the USSR Gosplan and Ministry of Finance, who played the role of opponents in this discussion. Their critical speeches and remarks permitted us to clarify and more precisely formulate many positions reflected in the final documents.

As is known, this was already the third conference at such a level dealing with the problems of converting to republic-level cost accounting. And if we trace the contents of the final documents issued by these conferences, the following trend becomes perfectly clear: there are fewer and fewer problems on which agreement cannot be reached, and more and more commonly shared views in the approaches taken by the four republics to the solution of the fundamental problems.

We have requested the following delegation leaders to comment upon the results of this conference—G. Badey, deputy chairman of Belorussia's Gosplan; M. Raman, chairman of Latvia's Gosplan; V. Sharka, chairman of Lithuania's Gosplan; and R. Otsason.

[G. Badey] I consider that, on the whole, the conference was useful from the viewpoint of exchanging experience above all. We listened and learned what is being done in the Baltic republics, and we related what is being done in our republic with regard to converting to cost accounting. In evaluating the work that has been carried out, I can say that, with regard to the level of preparation, we are at the same stage. We have all prepared solutions for our respective governments with respect to organizing and promulgating this work, and we have prepared draft solutions of the Union organs for converting the republics to cost accounting. It's a good thing that our views on the approaches and technology of working out plans for the year 1990 have coincided because, under the new conditions, the plan for 1990 may be an old plan in form, but as to its essence it is completely new. We arrived at the opinion that in 1990 we won't be able to verify all the principles of cost accounting because the norms have already been approved, and nobody change them. But with regard to those matters on which they can be verified, we will attempt to do so.



As a result of the people's discussion, certain corrections will, of course, be introduced into the recently published draft entitled "General Principles of Restructuring Leadership of the Economy and the Social Sphere in the Union Republics...." But we cannot wait for it to be approved, for we are losing valuable time, time which should be spent in preparing for the transition to these principles.

Both in scale and in administrative divisions, our republic differs from the Baltic republics. We are divided up into oblasts, and this creates additional difficulties. We have to demarcate the sphere of administration between the republic and its oblasts, and subsequently between the city and rayon units. But this also simplifies the situation: it's easier to demarcate spheres with six oblasts than with 20 rayons.

And as to differences in approaches, nowadays we're talking about converting to cost accounting on the basis of the "General Principles...." General for everybody, and, further on down the road, life will show us how and what needs deeper treatment. But in the first stage the "General Principles" furnish us with sufficient scope for work. We think that it's better to take a small step forward than none at all....

[V. Sharka] This is not the first time that we all have met. The Gosplan chairmen of all the Union republics have been working for a long time on the "General Principles" in Morozovka right near Moscow. And so now we arrived in Tallin in order to coordinate general actions to convert to these principles, beginning on 1 January 1990. We all understand that this is the first step toward the independence and self-financing of the republics. But this step also must be taken at some time. We will subsequently be constantly meeting together, and the next meeting is in Minsk. We think that by that time we will already have indications as to drawing up the plan and an operational methodology as to the "General Principles." With each meeting there are more and more common points of agreement. It must be said that our Moscow comrades also understand us more and more each time we meet.

In Tallin we devoted a great deal of attention to problems of material-and-technical supply. This is a sore point, and it is not sufficiently reflected in the "General Principles." The exchange of opinions will greatly help us in our further work. And quite a few complexities await us in connection with how to apply these principles at the level of the local Soviets—gorispolkoms, and rayispolkoms.

I consider that the Latvians and we are lagging behind Estonia, inasmuch as here in Estonia they have worked out not only the concept of cost accounting but also a draft law on the fundamentals of cost accounting. We will draw our own conclusions from this. But, of course, each republic proceeds along its own, somewhat different path, even though commonly shared actions are also

being worked out. Lithuania, for example, prepared a draft decree of the USSR Council of Ministers on conversion and has now started to engage in the practical work of converting enterprises to republic-level subordination, drawing up norms, etc. We at Gosplan are now busy with specific matters rather than clarifying the concept. Our scientists are working on the latter. And we are adopting into our "arsenal" everything that is good in the Estonian concept.

[M. Raman] It's no secret that our Soviet economic science turned out to be completely unprepared for that decision which was written into one of the resolutions of the 19th All-Union Party Conference—on converting the Union republics to cost accounting. Therefore, each such meeting as that just concluded in Tallin enriches us all. And those discussions which were held on Estonian soil for three days furnished us with a great deal. And, specifically with regard to the problems of material-and-technical supply, we derived many interesting ideas from the speech delivered by Yu. Rappoport, a member of Estonia's delegation; we will have to utilize these ideas in Latvia.

I regard most positively the concept worked out in Estonia of republic-level cost accounting as a strategic document. We now have at our disposal two documents of this kind: one of them was adopted at the conference in Riga; this was our coordinated "Basic Principles of Republic-Level Cost Accounting." Today we are gradually move closer to implementing its points. I'm convinced that we need to simultaneously work out operative measures as well as determining strategy. Because, of course, very little time is left before 1 January 1990, and we need to fulfill that portion of the task where economic science has fallen short.

I consider it very important that the idea itself of republic-level cost accounting enjoys the support not only of the official organs, but also that of the widest public opinion.

[R. Otsason] The results of this conference correspond to the actual preconditions. We did not have the possibility of solving the problems of fully converting to republic-level cost accounting, neither beginning from today nor even from 1 January 1990. But we did discuss all the possibilities which we have for more effectively converting to that preparatory system which we are allowed to implement by the All-Union document—the so-called "General Principles." All the republics agreed that these principles in such a form are not effective enough; they do not allow us to make the transition to full self-government, nor to subsequent self-financing. Therefore, very many specific and well-grounded proposals were set forth to the effect that we must introduce additional points in our republic-level documents regarding the conversion to the new administrative principles beginning on 1 January 1990.



At the same time it's very important that all the Baltic republics stated—and this is included in the final document—that our measures with respect to preparing for self-government and self-financing comprise a step toward carrying out our main goal: converting to republic-level cost accounting in accordance with those basic principles which were agreed upon in Riga in September of last year.

The conference has demonstrated that each republic has chosen, to a certain degree, its own path to attain its final goal, and that there are also quite substantial differences. Our Belorussian colleagues, for example, are not yet thinking about the problems of converting their republic to cost accounting. They talk about implementing the principles of self-government and self-financing. It's likewise important that they also consider it necessary to accomplish this beginning on 1 January 1990, not following the example of the other republics. They also consider that the published draft of the "Basic Principles" does not yet open up paths for attaining this goal, and, therefore, they signed our final document.

As to the Baltic republics, their communality here is more substantial. We all declared the principle of republic-level cost accounting as fundamental. During the course of the discussion divergences on individual matters arose and could not help but arise. We have the "General Principles" for converting to self-government and self-financing. We think that the implementation of these principles can yield partial positive results. We think that they must be regarded merely as the preparation for republic-level cost accounting. But from a juridical point of view the implementation of these documents is also varied. Carrying out the concept of cost accounting requires a legislative decision by the republic-level Supreme Soviet and the Union Supreme Soviet. Carrying out measures on self-financing and self-government must proceed on the basis of an appropriate decree of the Union-level Council of Ministers. Its draft is sufficiently radical and includes those top-priority measures which are lacking in the "General Principles" and which we deem necessary for introduction right away. And this very important document must be examined and considered in the proper manner by the public opinion of our republic.

#### **BSSR First Secretary Addresses Economic Concerns**

18200255 Minsk SOVETSKAYA BELORUSSIYA in Russian 2 Feb 89 pp 1, 2

[Apparent text of a speech to electors at Kobrin House of Culture by Ye. Ye. Sokolov, first secretary of the Communist Party of Belorussia CC, following a campaign visit to Kobrin Rayon; date not given]

[Text] Dear comrades! While traveling through the territory of your rayon, I recalled my previous visits to these areas. A relatively brief time span is behind us, but a lot has happened! It is not just the outward changes, the

rejuvenated image of cities and villages, new homes, good roads, and modern cattle farms. Changes have occurred and are occurring with all of us. By now, all of us have gained more experience and ideas, become more responsive to the things new, less tolerant of what is obsolete; we look to tomorrow with more confidence.

I am pleased to meet with you anytime. This encourages new ideas and thoughts, helps me see the problems more precisely, and develop ways of solving them.

I am profoundly grateful to the labor collectives which nominated me a candidate people's deputy of the USSR, and I am grateful to all who have spoken kind words about me. I will apply all my power, knowledge and experience in order to be worthy of your supreme confidence.

The current election campaign is unusual. Speaking figuratively, it signifies the beginning of a great work on implementing a reform of the political system which is under way in our country. You are aware of its main purpose—to restore to the soviets their full powers as interpreted by Lenin, to ensure genuine people's power.

If we briefly characterize the atmosphere which has now emerged in the country, its essence would be in the fact that, as the Appeal by the CPSU CC to the party and the Soviet people noted, people advance perestroika while perestroika advances people. It has affected millions upon millions of toilers; it permeates more and more resolutely the deepest layers of life of the people, and sets in motion tremendous social forces, the entire potential at the disposal of our society.

It is clear to all of us that perestroika can succeed only when man is its main actor. With this in view, socialist democracy is enhanced, and glasnost is expanded. Conditions are being created for the development of sociopolitical and labor activity and enterprise by toilers, and for overcoming their alienation from the means of production. Economic accountability and self-financing, cooperation and leasing, multifaceted forms of socialist property are becoming reality.

The party is the originator and the motive power behind the renewal under way in our society. Having developed the strategy and tactics of perestroika, it is renewing itself as well, resolutely getting rid of the functions uncharacteristic of it; it persistently masters political methods of leadership in multifaceted processes of our life.

The party is aware that these processes are complex and contradictory, that the expectations born by perestroika, for which people have long suffered, are not being fully satisfied thus far. However, we cannot agree with those who say that perestroika has supposedly created difficulties and problems in our everyday life. Now we must state very resolutely that perestroika has not created them. These difficulties and problems emerged and were



exacerbated in the previous periods of our history, in the years when departures from and distortions of the Leninist concept of socialism were allowed to occur. Perestroika merely revealed these difficulties and, having done so, is now creating all prerequisites for eliminating them. The main purpose of perestroika is to take our society to a qualitatively new status, to make our man richer both financially and spiritually.

The more vigorously everyone will join in the process of perestroika, working not only better but with initiative, creatively, and with a clarity of purpose, the sooner we will reach this status.

The KPB [Communist Party of Belorussia] CC considers uniting the efforts of the working class, peasants, intelligentsia, veterans and young people, communists and non-party members around the perestroika platform its most significant task. The atmosphere in labor collectives of the republic is healthy and businesslike. The people are working vigorously and with a clarity of purpose on fulfilling the plans of the 12th 5-year period strictly and on consistently implementing the tasks of perestroika.

It was noted at the recently held republic meetings of the party and economic aktiv, which recapitulated the socio-economic development of the republic and set tasks for the current year, that progress is occurring in all sectors of the national economy. Assignments of the 5-year plan are fulfilled on all major indicators, and they have been exceeded for many items. In 1986-1988, the national income increased by 14.8 percent against 14.3 percent envisaged by the plan; the gross social product—by 15.1 percent against the assigned 11.4 percent, and last year came to over 64 billion rubles.

In industry, the increment in output came to 21.4 percent instead of 14.6. The average annual increment of industrial production exceeded the level of the last 5-year plan by a factor of 1.3. Merchandise with a value of 4.6 billion rubles was produced above the plan, including consumer goods worth 2.5 billion rubles. Average annual production of agricultural output increased by 11.1 percent, of grain—by 25 percent, of milk—15 percent, and of meat—by 22 percent. The plan for drawing state capital investment has been overfulfilled. All sectors of material production are attaining the planned rate of increase in labor productivity. In the economy as a whole, it increased by 15.1 percent, the plan being 13.9 percent.

Social orientation in the development of the economy is increasingly strong. The issue primarily is for the people to have better nutrition, be better dressed, go to work and return from work with joy, not being troubled by hard thoughts about where to purchase goods, where to live, how to bring up children, and how to maintain a household with the least input of time and effort.

In 3 years, the average wage of workers and clerical personnel increased by 18 percent, and amounted to 205 rubles last year; remuneration for the labor of kolkhoz members grew by 24 percent, and came to 193 rubles. Consumption of basic foodstuffs is increasing. Compared to 1985, 28 percent more milk and dairy products, 12 percent more meat and processed meat, and more than twice as much fruit were sold through the retail trade outlets and public catering facilities.

In 3 years, 287,000 apartments were built, or 38,000 more than over the same period of the past 5-year plan. About 1.5 million people have improved their housing conditions. More schools, hospitals, clubs and cultural centers, shops and service facilities were built than called for by the plan. The output of non-food goods increased by 23.3 percent. The volume of commercial services to the populace increased by a factor of 1.5. The plans for retail sales are being overfulfilled.

And yet you will agree with me that the results of our work could and should have been better, all the more so because our republic has the reserves and the potential for that. We did not completely succeed in overcoming the causes of a slowdown in the processes of intensification of the national economy. Measures for streamlining the economic mechanism and management, for switching industries, enterprises, and organizations to complete economic accountability and self-financing are not being implemented consistently in all instances. We are also not satisfied with the pace of scientific-technical advancement, renewal of fixed assets, and technical reconstruction. There are no perceptible shifts in attaining the balance and structural changes in the national economy, in the supply of materials. Resource-efficient and waste-free technologies are being implemented slowly; the quality of output and its competitiveness are showing little improvement.

You know how these drawbacks and problems affect everyday life. When I quoted the statistics of development of the republic, many of you must have thought: all right, the numbers are fine, but what do they have to do with what we encounter on our daily round? Indeed, comrades, there are disruptions in the supply of consumer goods to the populace; we are not satisfied with their quality and variety. Medical, communal, and trade services cause many justified complaints.

The KPB CC is taking a critical view of the situation. In order to improve it, we have a profoundly well-founded and comprehensively elaborated program of actions to resolve the entire set of issues in arranging the life of people. This is a multifaceted program, and it incorporates many avenues. Let me dwell on some of them, the most acute ones.

Let me begin with the food problem. Our bearings are as follows: by the year 2000, we should raise the productivity of one hectare of arable land to 60 quintals of fodder



units. Yields of 40 quintals of grain should become standard. Annual production of milk by the end of the century should be increased 1.5 times compared to 1985, and of meat—1.8 times.

It is known that the forthcoming plenum of the CPSU CC will review the ways of implementing a modern agrarian policy. Preparations for the plenum in the republic party organization are already under way.

The concept of developing the agroindustrial complex of the republic consists of three most significant tasks: switching to industrial technologies in all branches of kolkhoz and sovkhoz production, improvement of economic relations in rural areas, and social transformation in rural areas. As you know, this concept was adopted at a republic meeting of party and economic aktiv which was held in October 1987 in Brest after a 3-day seminar. The correctness of the program adopted was confirmed by a seminar of leading cadres held last year in Grodno Oblast. The primary objective is to create an up-to-date base for agricultural production.

As you may remember, the task of expanding specialization and concentrating kolkhoz and sovkhoz production on the basis of industrial technologies was determined to be a priority at the aktiv meeting in Brest. At present, 70 percent of pork and 21 percent of beef in the republic are produced on the basis of such technologies. We have made it our objective to bring these statistics to 95 and 50 percent respectively by 1995, and we are now proceeding toward this. It is gratifying that labor collectives of your rayon are also participating vigorously in this endeavor. However, I would like to wish that you not be content with what has been achieved, and conduct this work with more vigor and clarity of purpose.

I must invite your attention to a factor which, I would say, is decisive—reinforcing ties with science. Can we seriously consider high weight increments in hogs at present in the absence of selection and cross-breeding centers? Can we count on high milk yields of cows in the absence of embryo transplant centers and stations? Can we obtain high and stable harvests of all crops, reduce the specific input of resources in production, and improve quality without vigorously using the achievements of science? The answers are unambiguous: no, no way!

The heart of the matter is to provide close integration of production and science. Some research facilities of the BSSR Agroprom were severely criticized at the latest KPB CC plenums for the absence of efficient studies and superficial approach toward research into acute problems. We believe that the scientists will draw a conclusion and conduct a more vigorous search in science.

Reductions in outlays and vigorous use of resource-efficient and waste-free technologies is the paramount issue at present. All of us are aware of the amount of resources already claimed and that to be claimed in the

future by cleaning up after the Chernobyl Nuclear Power Station accident and the earthquake in Armenia. We are also feeling the burden of Afghanistan. Implementing resource-efficient and waste-free technologies is definitely very important in all sectors, but particularly in those which, as they say, work directly for our dinner table. I mean the processing branches. The application of biotechnological processes, membrane technologies, sublimation and extrusion methods makes it possible to increase substantially the yield of products from every kilogram, every ton of raw materials, and to reduce the input of labor and consumption of energy and fuel.

We must admit that our processing industries are lagging behind. We are now taking measures in order to overcome the lag. Before 1995, almost 2 billion rubles will be used for new construction, retooling and reconstruction of the processing industries facilities. In every oblast, enterprises for procuring and processing all animal products are to be created, meat-processing and meat-packing shops are to be expanded, and capacities for producing dairy products are to be increased, including specialized sections producing milk-based baby foods.

This will allow us to increase the output of sausage and related products, high-grade cheeses, and other dairy products, and to improve their quality profoundly, as well as broaden their assortment. In many oblasts, facilities will be commissioned for satisfying the needs of the populace for high-quality confectioneries, canned fruit and vegetables, and soft drinks more completely.

Auxiliary production and crafts should become an essential factor in solving the foodstuffs problem and retaining the young people in villages. Processing agricultural products locally in production regions reduces their losses perceptibly, and provides for a more even employment of labor. In their turn, the farms derive extra profit. At present, many kolkhozes and sovkhozes are already producing canned fruit, vegetables, meat, sausage, smoked foods, confectioneries, and other processed foods. The KPB CC has set the goal for all farms of the republic to have auxiliary crafts and production by 1995.

Measures aimed at increasing agricultural production on the private plots of the populace are being implemented. We set the task for every rural family to have conditions for keeping cattle and poultry, and for cultivating private plots. The volume of household services needs to be expanded considerably.

In reconstructing villages, we direct the cadres, the soviet and economic agencies to develop a comprehensive land use of localities using the example of the best kolkhozes and sovkhozes of the republic. This includes cattle-breeding complexes and large cattle farms, settlements with country-seat type of homes with all amenities, paved streets, and developed infrastructure. Living conditions in villages should be not worse, and even better in the cities.



Compared to the average for the previous 5-year plan, the average housing space commissioned in rural areas annually increased 1.5 times. However, this growth was achieved in the first 2 years of the 5-year plan. As far as the last year is concerned, a decline in the rate of housing construction became apparent. The prevailing orientation toward erecting residential buildings with state funds and those of kolkhozes has brought about a sizable lag in the development of cooperative and individual housing construction. In 1986 through 1988, the share of housing commissioned with the funds of housing construction cooperatives, funds of the populace, and state credit amounted to merely 13 percent.

I should mention that a similar tendency is characteristic of some farms in your rayon, the representatives of which are in attendance here. Indeed, comrades, six or seven apartments a year per farm is clearly not enough. After all, you do have experience. I mean primarily the "Pobeda" collective farm of Kobrin Rayon. Last year, they commissioned 1,529 square meters of housing, twice as much as in 1987.

You are aware of the task set by the 27th CPSU Congress and the 11th KPB CC Plenum: to provide an apartment or a separate house for every family by the year 2000. In rural areas, we should achieve this goal at least 2 to 3 years sooner. To this end, it is important to take advantage of all opportunities to speed up housing construction with the funds of kolkhozes, sovkhozes, cooperatives, and the populace.

The construction of social and cultural infrastructural facilities in rural areas has accelerated perceptibly. In the 1990's, the development of social and cultural complexes in all central villages of farms will be fully completed, and cultural and household services to the population of small villages will improve perceptibly.

I would like to dwell on the provision of amenities to rural localities in particular. Let us recall that the KPB CC has set the task of having the streets paved in villages with more than 20 houses by 1992. On the whole, this objective is being attained successfully. In this 5-year plan, the annual commissioning of on-the-farm roads increased 3 times. Last year alone, the streets of 2,490 villages were paved. I take pleasure in observing that such work is vigorously carried out in your rayon.

A lot remains to be done in order to improve the situation in other spheres of life of the people. In this matter, much depends on the initiative and industriousness of rural and rayon soviets and economic managers. After all, it is a fact that some people, instead of engaging in specific work, are still waiting for someone to come in and do it for them.

No, comrades, nobody will come and do that. At present, the issue is like that: we should resolutely get rid of the custom, instilled over the years, that we must be given something, something ought to be brought to us, and we ought to be provided for.

If we count on somebody doing it for us, we will inevitably find ourselves in a blind alley.

First of all, every rayon, every farm should display independence and act with initiative, creatively. They should shake themselves, shed the burden of what is obsolete, and what hampers advancement. We should set demanding tasks for ourselves, and go about them not only diligently, but definitely looking for new approaches, new solutions which are in line with commandments of the day. The main such commandment is: there should be less parasitic attitude, fewer slogans calling for attention to man, and more genuine, materialized attention to him.

This is exactly the approach on the part of local party, soviet and economic agencies which the KPB CC is promoting. I have already mentioned some results of this approach. Let me quote one more example. Only over the years of [the current] 5-year plan, 3,500 stores and shops operated out of homes have been opened in small villages. By the end of this year, they will be in operation in virtually all inhabited rural localities.

I believe that many of you participated in discussing the comprehensive republic program "Health." Its main goal is to considerably raise in the few years to come the standard of health care and medical services to the populace. To this end, investment in constructing and remodeling health care facilities is being increased. Before the end of the 5-year plan, it is expected to build hospitals with 14,400 beds and clinics for 27,600 patients to be seen per shift. The BSSR Ministry of Health was given 130 buildings freed up in conjunction with the reduction of management apparatus. The network of paramedic and obstetrician stations in rural areas will be expanded considerably. In the long term, district hospitals and clinics will be created around them. New forms of medical aid, such as day health care centers in clinics and hospitals, at-home treatment, prevention and physical therapy departments of clinics, are being introduced with a view to eliminating lines in clinics, improving conditions for staying in hospitals, and improving the efficiency of treatment. It is planned to set up two or three interrayon treatment and diagnostic centers in every oblast. A republic center for the protection of maternity and childhood has been set up, and a network of rehabilitation centers for the chronically ill is being organized. The implementation of special complexes of programs "Ambulance Service," "Dental Treatment," "Non-Medicinal Methods of Diagnostics and Treatment," "Reduction of Infant Mortality and Incidence of Disease," and "Health Protection for Children and the Young People" is under way.

Steps are taken in order to bring 550,000 work stations into compliance with the requirements of rules and norms of occupational safety. It is planned to increase the availability of places in prevention care facilities 2



times, and to commission 100 resort facilities with 14,000 places. The quantity of facilities for rest and treatment and rest of families with children is being expanded.

Now, briefly about the situation which emerged in providing the consumer goods and services for the population. In our country as a whole, unsatisfied demand for consumer goods and services exceeds 70 billion rubles.

What are the reasons for this? Over a long period of time, capital investment in developing branches producing the means of production greatly exceeded those in the consumer sector.

The growth of production of consumer goods lags behind that of the monetary income of the populace. When the money supply gets divorced from the stock of goods, when this or that happens to be in short supply, everyone wants to stock up for the future, say, as is the case now with detergents and soap. Any housewife strives to take not one box or bar but a lot more. Lower hard currency proceeds (as you know, prices for oil have declined 4 to 5 times) have forced the state to cut down on the import of consumer goods, which has also exacerbated the condition of the market. There are other reasons as well.

Large-scale measures aimed at improving the situation are being undertaken. Last year, the rate of growth of the "B" group, light and foodstuffs industry, perceptibly exceeded that of heavy industry. This shows that our economy has clearly realigned itself with the needs of man in view. All enterprises and organizations without exception are now drafted for producing goods and rendering services to the populace. Even plants and associations of the defense industry have been given [such] assignments. Many of them will be entirely switched over to the production of consumer products. These and other measures will make it possible to increase goods production in our country as early as this year by 18-20 billion rubles, and next year—by 48 billion rubles compared to 1988.

Obviously, production of consumer goods will increase considerably in our republic as well. Light industry enterprises alone will additionally turn out goods worth 712 million rubles in the 2 years remaining in this 5-year plan. The retooling enterprises working for the consumer market is proceeding at an accelerated rate. Shops and sections producing consumer goods are being created at group "A" enterprises. Production of household appliances making household work easier and reducing the time needed for this, as well as production of furniture, sporting and camping supplies, products for individual housing construction and gardening associations, is being expanded at higher rates [than in other sectors].

Work on the assortment of consumer goods is being reorganized. Ministries and departments, associations and enterprises are being instructed to meet the demand

by specific groups of buyers rather than produce goods measured in monetary (gross) terms. The production of goods for children and senior citizens at socially motivated prices is being encouraged.

Mutually beneficial cooperation with foreign companies is being expanded and enhanced. The "Belwest," a joint Soviet-West German enterprise, has already started production. A leather tanning plant in the vicinity of Minsk was built with the participation of Italian specialists. Issues associated with creating further joint enterprises are being considered.

The material and technical facilities of trade and public catering are being reinforced. Toward the end of this 5-year plan, the availability of trading floor space in shops per 1,000 population will amount to 202 square meters in cities, and up to 258 square meters in rural areas.

The setting-up of an extensive system of paid services, providing for an improved quality and standard of service, is planned. Industrial and agricultural enterprises have been drafted for this endeavor. The volume of paid services provided to the populace will increase by 15 to 20 percent a year.

Increasing production and broadening the assortment of goods depends to a large degree on the initiative and industriousness of local organs. Comrades, let us evaluate our potential in this regard once again, and commit even the smallest reserves.

Large-scale measures aimed at improving the ecological situation are the focal point of attention of the KPB CC, the BSSR Council of Ministers, and local party and soviet organs. It was recognized that it is unfeasible to locate in our republic in the future new enterprises of the chemical, petrochemical, and microbiological industries, as well as those of metal-intensive branches of machine-building. In the course of reconstruction and retooling of the already operating plants and associations, priority in capital investment will be given to environmental protection measures, and a profound improvement in the ecological situation.

The Council of Ministers of the BSSR has prepared measures aimed at solving the ecological problem in the area of Novopolotsk. Construction of the Minsk Nuclear Cogeneration Station has been discontinued. On the suggestion of our republic, the Council of Ministers of the USSR made a decision on the unfeasibility of building the Daugavpils State Regional Power Station. Surveying associated with the construction of a nuclear power station in the north of Belorussia has been discontinued.

Efforts are being increased which are aimed at improving the condition of the water and air basins, and of the entire biosphere, and turning the republic into an ecologically clean region. The practice of carrying out major



economic projects without an independent scientific review has been discontinued. These responsibilities have been entrusted to the scientific council on ecology at the BSSR Academy of Sciences, and the Institute of Ecological Problems of the BSSR Academy of Sciences which is being set up.

Clean-up after the accident at the Chernobyl nuclear power station is continuing. Over 2 years and 9 months, a large amount of work on creating safe conditions for the life and work of the population in this zone has been carried out. Almost 900,000 million rubles has been spent; residential housing with a total floor space of 721,000 square meters and about 400 social, service, and cultural facilities have been commissioned. A set of special land reclamation and agrochemical measures is being implemented, and agricultural technologies for obtaining products with a content of radionuclides within the norm are being mastered.

Recently, the CPSU CC Politburo reviewed and supported the proposal by our republic on additional measures in the course of further conduct of work associated with the clean-up after the Chernobyl accident. A priority allocation of necessary funds and material and technical resources for these purposes is envisaged.

A non-departmental commission on the issues of environmental protection was set up under the Presidium of the Council of Ministers of the BSSR for monitoring the ecological situation, study and public discussion of the problems pent-up in this sphere, and preparation of recommendations and suggestions. It will operate in close contact with the public in our republic.

The KPB CC associates improving the welfare of our people further and ensuring a new quality of life with increases in the efficiency of production and the restructuring of the economic mechanism.

As is known, the delegation of the Communist Party of Belorussia to the 19th All-Union Party Conference raised the issue of the republic switching to the principles of territorial economic accountability and self-financing. Our suggestion was accepted. The 11th KPB CC plenum developed practical measures aimed at this.

The KPB CC is aware that the objective is not to just transfer mechanically plant or branch economic accountability to the oblast or republic level. This calls for a profound scientific, economic, legal, and organizational study of the problem with a broad participation by specialists and workers. We should enter the 13th 5-year plan with a qualitatively new mechanism of territorial management, complete economic accountability, and new economic relations based on various forms of contracts and leasing.

Work in the new manner amounts, on the one hand, to expanding the independence in decision-making, and on the other, to increasing the responsibility for skillful, efficient use of the available economic, scientific-technical, social, and intellectual potential.

The acceleration of scientific-technical progress and, in conjunction with this, the accelerated development of machinebuilding will be given special attention. The main emphasis is being made on the retooling of enterprises, implementation of the achievements of science and advanced practice, progressive resource-saving and waste-free technologies, comprehensive mechanization and automation of production. As early as this year, approximately four-fifths of the entire increment in productivity in the economy is expected to be secured through scientific-technical progress.

The volume of financing for science is being increased considerably. R&D operations in the higher schools of the republic alone will expand threefold by the year 2000 compared to last year. Much attention is being paid to the moral and financial support for innovators, inventors, and enthusiasts of the scientific-technical progress. A network of economically accountable centers for scientific and technical development of young people is being expanded.

A turnaround in the development of the education sphere has been initiated in the republic. Measures for implementing the school reform developed by the 10th KPB CC Plenum are being carried out. The approach to the development of the material and technical facilities of education is being resolutely changed. In the next 5-year plan, 1.5 billion rubles of investment, or almost 2 times more than in the current one, is being marshaled to the education sphere. The objective is to meet within 10 years the needs of the populace in day care centers and camps in the country for children, pioneer camps, to bring up to norms the availability of classroom and lab space, dormitories, canteens and cafeteria, and athletic facilities in higher schools, and to switch to one-shift study at all general schools.

Taking into account and supporting the opinion of the public, the KPB CC and the government of the republic are creating prerequisites for resolving the acute issues of developing the national culture and language.

With this in view, the number of day care centers, schools and forms with the Belorussian language of instruction is being increased. The training of teachers for such schools, and the publication of textbooks and aids are being expanded. It is planned to fully meet the demand of schools for teachers of the Belorussian language and literature by 1992. The curricula of pedagogical schools are being changed considerably in order for their graduates to be perfectly fluent in the Belorussian and Russian languages.



The long-range program "Native Language" is being developed with a view to improving such work. Its main goal is to provide conditions for every citizen of the republic to study and master the Belorussian and Russian languages and an opportunity to use them equally and freely in work and everyday life. Joint actions by the employees of education, culture, and science, party, soviet, and state organs should become the main premise for the success of this endeavor. Issues of the language call for devotion, tact, attentive and respectful attitude toward national feelings and traditions. Any privileges, restrictions, or coercion in this matter are inadmissible.

In the sphere of culture, the KPB CC sees its main task in ensuring a return to the Leninist concept of developing this sphere of life, enriching it with the already created and new bright works of literature, painting, cinematography and theater.

We are carrying out a comprehensive plan of esthetic education of the populace. In the immediate future, it is planned to implement a system of measures aimed at the propagation of artistic values, and organization of esthetic education and upbringing of students and employees. The plan is to increase the number of music, painting, ballet schools for children, and schools with expanded curricula of esthetic subjects more than 3 times by the end of the 1990's. Attendance by no fewer than 250,000 students in these schools is to be ensured.

The KPB CC has been persistently working for the affirmation in the republic of the course for improvement and harmonization of ethnic relations which was worked out by the 27th CPSU Congress and the 19th All-Union Party Conference.

Through a joint effort of party, soviet, and social organizations, we should work on improving the system of patriotic and international education, especially of young people, show the sources of friendship of Soviet peoples, and vigorously shape the culture of interethnic communications. Every man should become profoundly aware of the achievements of the Leninist national policy on the basis of his own social experience, beginning with his family, school, pioneer and komsomol organizations, and service in the Armed Forces of the USSR. We should resolutely support what strengthens and unites the Soviet people, and renounce what divides them.

The republic party organization is doing much work on restoring historical justice, on rehabilitating through party and civil procedures the innocent persons subjected to repressions. Commissions set up by the bureaus of the CC, oblast, city, and rayon KPB committees for an additional study of materials concerning the repressions of the 1930's, 1940's, and 1950's, working in cooperation with social organizations and law enforcement agencies, are preparing suggestions on commemorating the victims of repressions.

We set up special commissions with the participation of major scientists, specialists in various fields, and representatives of the public where some occurrences engendering great social repercussions are involved. Specifically, such a commission is investigating the circumstances of mass shootings of the citizens in Kuro-paty, in the vicinity of Minsk, in prewar years. Its work is continuously covered by the mass media.

Party committees and organizations are persistently mastering political methods in managing restructuring in all spheres of life. They strive to carry out their policy through organizational, cadre, and ideological work, strictly observing Soviet laws and democratic principles of social life, without substituting for state and economic agencies or commanding the trade unions, komsomol, artistic unions, and other social organizations.

At the same time, while getting rid of substitution, the party organizations should reinforce their influence on the situation in the economic, social, and spiritual spheres. They should influence the situation through improving political and organizational work and increasing the personal responsibility of every communist, every manager for the functions entrusted to him.

In summation, dear comrades, allow me to once again express my heartfelt gratitude for your high confidence in me, and for your honest work in the name of the triumph of the ideas and goals of perestroika.

I wish you much success in all your deeds and endeavors.

I wish you good health and happiness in every home.

#### **Introduction of Regional Autonomy Complicated by Local Conditions**

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[Article by S.T. Vaskov: "Economic Accountability Principles in Regional Relations"; first paragraph is summary]

[Text] The introduction of economic accountability principles is the key direction in the restructuring of the regional management system. Its goal is to increase the real economic autonomy of regional bodies and to raise their economic responsibility for the local situation. To achieve this we need to introduce the normative approach to local budget revenue collection, to shift a share of local economies to economic accountability and to strengthen the role of economic ties in direct relations between local soviets and enterprises. The article reviews methodological issues of switching to new economic principles.

The hope of improving regional financial and economic relations is increasingly tied to the introduction of the new system of regional economic management known as



regional economic accountability. The idea of shifting republics and regions to accountability is found in the documents of the 19th All-Union Party Conference and has been widely covered by the press and discussed at scientific conferences and public meetings. The new approach is attractive as it points out the path to a fundamental solution of deep-seated problems in regional economic relations, a path that is proven by theory and feasible in practice.

Ingrained problems include uneven development of local economies, lagging services, progressive worsening of the environmental situation, persistent gap between labor resources and available jobs and a number of others. While the administrative approach to economic development prevailed, the typical way of improving regional economic relations was to broaden the powers and responsibilities of local soviets of the people's deputies and to raise their role in economic and social construction. Yet, in practice, no progress was evident. Even now, none is being achieved. This has been decisively proven by polls of rayon and city ispolkom leaders. Most of them show that in the period after the passage of the resolution of the CPSU Central Committee, the USSR Supreme Soviet's Presidium and the USSR Council of Ministers "On Measures to Increase the Role of Soviets of the People's Deputies and Their Responsibility for Accelerating Social and Economic Development in Light of the Decisions of the 27th CPSU Congress" dated July 25, 1986, no real improvements have occurred in the work of local soviets. Moreover, in a number of areas, such as interaction with enterprises and organizations, the situation has worsened. Material resources of local soviets remain poor, salaries of ispolkom staffs are inadequate, staffs at soviet entities are too small and the old stereotypical way of thinking persists. Other impediments to improving the situation are insufficient initiative on the part of central organs in passing on new powers to local soviets, lack of constructive attitude at ministries, enterprises and organizations, etc. These, however, are not the cause but outward signs of the poor situation. The cause is the inadequacy of the regional economic structure and its opposition to the new economic management system that is being created in the country.

The current state of the regional budget system, lack of autonomy on the part of soviets to manage their own resources and develop their own economies and the administrative style governing contacts between local authorities and enterprises that do not report to them all lead to violations of socialist economic principles both in intraregional and regional economic relations, to a situation whereby soviets no longer feel that they are masters on their own territory and to conflict of interests between soviets and enterprises.

The erosion of principles of the socialist economy at the regional level manifests itself in two ways. On the one hand, it is in the leveling tendency in the development of

social services. This stems from the fact that the principle of equal economic and social development of republics and regions is misconstrued as the demand for direct redistribution of resources in favor of less developed regions by reorienting planning and budgetary mechanisms to attain equal planned consumption levels.

The fact that population grows faster at some republics automatically triggers a sharp increase in social spending. In Uzbekistan, for instance, such expenditures as a share of national income are more than double the levels of the RSFSR or the Baltic republics. This practice leads to a situation whereby republics' socioeconomic development figures do not reflect productivity growth and other efficiency indicators.

This violation of socialist principles in regional relations and gap between consumption and economic performance lead to parasitism. Regional agencies increasingly strive not so much to improve their economies and develop and carry out rational social and demographic policies, but to increase their quotas and entitlements and direct the attention of enterprises to local needs. Growing parasitic tendencies are seen in the fact that while in 1980 only 1 republic was getting direct subsidies from the union, in 1987-88 there were already 6 of them. Direct subsidies to those republics will total over R5.9 billion in 1989. Overall, counting both direct and indirect subsidies, redistribution of funds among regions is considerable. This necessitates their initial concentration at the central level and breeds discontent in more developed regions.

The current inability of soviets to solve important problems in social and economic development of their regions independently, and their ability to affect the amount of financial and material resources they command, suppresses their proprietary sense and initiative. It is practically impossible to assess the losses that this causes. However, the experience of soviets in several cities such as Poti, Riga and Nizhniy Tagil shows that there are considerable reserves for accelerating social and economic development if soviets were active and consistent and broadly implemented the new forms, methods and style of economic management.

Currently, funds budgeted by local authorities, and provided by the state on the decision of the government, are insufficient to develop regional industrial and social infrastructure at a level that would satisfy even minimum needs. Local authorities must seek additional sources to fund badly needed programs. Estimates suggest that up to 40 percent of spending on local needs—roads, sewers, water systems, treatment plants, etc.—is covered by enterprises. Their contribution to the development of social infrastructure is even greater.

However, the system of participation of enterprises in local programs is not well organized. As a rule, enterprises are told to take part in construction projects. Very



frequently, managers are arbitrarily summoned to various local entities where they are given their quota for doing work which is not their direct specialty and for supplying workforce. Clearly, such practice causes the interests of enterprises and local soviets to clash. Polls show that 75 percent of soviet leaders are dissatisfied with their relations with enterprises, while 67 percent of enterprise directors are negative about the current state of their relations with local soviets.<sup>1</sup> In essence, it is a conflict of interests situation.

In short, the existing regional economic system has exhausted its possibilities. This becomes especially clear as it comes into conflict with the ongoing reform of the economic management system.

To overcome the conflict between existing work methods of regional bodies and new economic conditions and to solve key problems in regional management is the aim of the present concept of economic organization and legal framework of soviets' activities. One of the concept's distinctive features is that it is based on the principles of self-management, self-financing and autonomy of local soviets and relies mainly on economic forms of management. The fact that this economic model of soviets' activities takes into account the interests of all regional economic players, and provides leadership by relying on those interests, is the essential feature of this concept, ensuring its effectiveness. What are its characteristics?

The regional economic system should be based on the normative budgetary process, self-financing of local economies and a system of economic relations between soviets and enterprises. The distinctive feature of the regional budgetary process is that it has a balancing function. Balance is achieved by distributing to union republics, oblasts, cities and rayon a share of union revenues from such sources as taxes on turnover, income tax withholdings, etc. Balance is achieved separately in each particular case. In practice this means that revenues are artificially matched to budgeted expenditures, which are planned based on a large number of financial components, such as spending on food and medication in hospitals, and indicators of regional plans. In this situation, soviets' freedom to decide how they spend budgetary funds is constrained by stiff regulation, while the fact that all planned expenditures are automatically covered kills any incentive to improve financing planning. This is supported by statistics. The share of local revenues has been declining and makes up only 30 percent. Moreover, in the UzSSR's oblast budgets such sources amount to only 13.4 percent, and in rayon budgets 8.9 percent. The share of direct subsidies in republics' revenues is rising swiftly: in the UzSSR it amounts to 20 percent of the budget, in the TuSSR 14 percent and in the KiSSR 12.4 percent. Similar processes occur in local budgets, too.

This problem in the regional budgetary system can be overcome only by shifting from requiring expenditure norms and then supplying the funds to setting norms for revenues based on stable and just (i.e., equal for similar

territories) norms while giving local authorities full power to use their revenues. This is the essence of the current restructuring of the local budgetary process.

Another serious shortcoming of the budgetary system is the lack of direct links between revenues and the overall economic performance of the region. This occurs because in local budgets, revenues from the tax on turnover are dominant, amounting to some 40 percent of the total, and because until recently local authorities received no revenues from enterprises reporting to higher-level authorities. The solution is to include all enterprises and organizations into the local budget revenue system.

The third serious shortcoming is the general weakness of local budgets (they account for 14 percent of the overall union budget), especially city and rayon budgets. There is no direct way to bolster local budgets since the union budget is in deficit. It should be noted, however, that the shift to the normative method in the local budgetary process, an improved system of revenue collection and budgetary autonomy would strengthen the financial base of local budgets using currently untapped reserves. The structure of local budgets could also be changed in favor of city and rayon budgets.

The point of departure of the reform of the budgetary system is to identify rational sources of revenues for local budgets and to set appropriate rates of contributions to those budgets. We have identified the following sources: taxes on profits of all enterprises, regardless of what organization they report to; taxes on turnover; taxes on individuals and other taxes and revenues. For these revenues sources, long-term (for a period of 5 years), stable and equal for the entire region local and republican tax rates should be set. The existing system of local taxes and contributions should remain in place, too.

Computing tax rates for enterprises which report to higher authorities is especially difficult. It has been decided that such enterprises should contribute to local authorities a portion of their payments for labor and natural resources (including fees on city land, water and woodlands, and for polluting air and water), as well as a share of taxes on their reported revenues. Taking into account the need to increase the role of city and rayon soviets, and to establish direct links between enterprises and soviets, it would be useful to allow cities and rayons to collect all taxes on enterprises.

The methodology has been developed and preliminary calculations have been made for increased rates of contribution to local and republican (for republics not divided by oblast) budgets out of union taxes and revenues and from enterprises reporting to superior authorities.



In oblast budgets, the share of revenues from profits should rise from 23 percent to 40 percent, providing the necessary link between revenues and local economic performance, while the share of the tax on turnover should fall from 39 percent to 22 percent. To achieve this new structure would require channeling to local budgets (for republics divided by oblast) 14 percent of the tax on turnover and 7 percent of the tax on profits of enterprises reporting to superior authorities. The computation of the share of the profits tax going to local budgets permits us to compute contribution norms for each type of resource payments (based on projected payments). The averages are as follows: payments for labor 25 percent, city land 40 percent and other natural resources and compensation for polluting the environment 50 percent. Accordingly, the share of the tax on turnover would amount to 14 percent. These norms should be adjusted for each group of oblasts with similar natural and economic conditions to provide equal initial conditions for all soviets. To do this, another approach could be used, by adjusting budgets based on minimal required norms of consumption of basic social services guaranteed by the state. In either case, however, it is necessary to provide for a gradual elimination of regional differences among budgetary norms. Currently, the organizational aspects of the normative budget process have come to the fore. To solve these problems, it is necessary to ensure maximum democratization of the process of determining and setting norms while preserving general requirements. In particular, Councils of Ministers of union republics (not divided into oblasts) should have the right to set, together with lower-level soviets, budgets for cities and rayons within the limits set for republics and oblasts, while authorities in union republics divided into oblasts should be able to custom-tailor norms for oblasts based on their special economic characteristics.

The second direction in restructuring the regional economic system is to switch republican and local economies to full economic accountability and self-financing. A number of industries is already functioning in the new system, and the rest will shift in 1989. Preparations for the new conditions are effected by applying conditions created at union-level industries to republican economies.

Clearly, this approach is feasible at such republic-level industries as retail trade, public catering, consumer services, local industry, cooperatives, construction and motor and water transport. However, republican and local economies have a large group of industries which, due to their technical and economic features, are unsuitable for direct application of full economic self-financing concepts. These include housing, municipal services, highway maintenance and urban public transport. In addition, they have sectors which can be made partially self-supporting (such as environmental protection, health care, culture and sports), with full self-financing being introduced only at certain enterprises and sites. For other areas, such as education, the goal is to develop a new economic framework to fund their activities,

something based on more orderly contributions from certain entities to local budgets, and to find new sources of financing them. An example of a such a framework is the economic system introduced at the "Eye Microsurgery" organization.

In this area, an urgent problem is how to implement public control over the work of such organizations. The link between pay of workers in these sectors and the public's assessment of their work should be closer. Experience of local economies functioning in such conditions has been contradictory. Old ideas refuse to die, antiquated organizational structures persist and limitations of the existing forms of full self-financing become obvious. As a result, more progressive economic forms, such as lease contract and cooperatives, are attracting more and more attention. In a number of regions, these forms are being actively implemented. For instance, in Moscow oblast over 150 retail, public catering, consumer service and local industry enterprises have switched to lease contracts.

Due to the weakness of financial and material resources of local soviets, they must rely on the financial, material and practical help of enterprises reporting to higher authorities to balance economic and social development of their regions in such areas as housing, municipal services, social service enterprises, assistance to other organizations and territorial maintenance. Moreover, in the foreseeable future, in view of the impossibility to restructure the planning system and the pattern of material and financial flows, this reliance will persist.

Existing law defines the range of issues that should be decided jointly on the local level. These include the general development of the economy, the use of natural resources and environmental protection, employment, social development, construction, industrial infrastructure, consumer goods and services. Unfortunately, structures set up for solving these problems (coordination of projected or planned results, inclusion of local work orders into plans, centralization of means for shared projects and administrative inclusion of enterprises into side activities) is not effective since it is based on the command method. We need a new organizational, economic and legal model of direct interaction between soviets and enterprises that would be more in line with the current ideology of economic management. The new model of interaction should help transform the existing conflict of interests between soviets and enterprises into mutually beneficial cooperation.

By experimentally seeking economic forms of interaction between soviets and enterprises, we have identified the main types of this interaction: economic contracts, local programs, off-budget funds, shared participation in local programs based on norms of contribution and project-specific associations.



A contract is the simplest way to legalize mutual responsibilities, and it will probably become the most widely used one. In the future, contracts will replace administrative command forms of drawing enterprises into the process of solving local problems. Local programs, if the system of their development was improved considerably and a new structure of implementation was created, could be an effective means of drawing enterprises into the process of resolving more complex regional problems. To concentrate financial and other resources in order to carry out joint programs more efficiently, local off-budget funds may be set up. In oblasts and large cities, for such regional projects as building local road networks, communication systems or individual cultural or service buildings—i.e., permanent projects—enterprises may be called upon to participate in shared projects based on norms of contribution. If a superior form of regular regional cooperation on a wide range of issues is needed, the interindustry territorial and industrial association may be considered. In developing and implementing new direct interaction forms, duplication of methods of union-level regulation of regional relations should be avoided.

At later stages of regional economic reform, in order to expand it, it would be useful to start creating property of soviets of the people's deputies and give them the right to manage their property. Soviets' property should include:

- buildings, structures, equipment and other property for which local ispolkoms are responsible;
- property of enterprises reporting to local authorities;
- parts of industrial infrastructure for local use;
- budgetary funds and goods belonging to soviets; and
- means and resources of enterprises assembled centrally with the consent of enterprises, to be used for local needs.

Each soviet should be able to decide independently the purposes, organizational forms and methods of its property's use and to set the rules and conditions how it can be transferred for use of other organizations, sold or written off. The soviet's property cannot be taken away from it without its consent.

Soviets should be responsible to voters for correct, effective and proper use of its property. Compensation should be paid for any damage to soviets' property resulting from mistakes by deputies and soviet apparatus employees, outside enterprises and organizations or private individuals. Soviets should have the right to voluntarily pool their property with that of state or cooperative enterprises, organizations or agencies, as well as foreign entities, based on appropriate laws.

Local soviets may share the right to own, use and allocate natural resources with USSR and local republican organizations, participate in managing those resources and earn income or suffer losses associated with this activity.

While developing the model of regional economic accountability, an issue arises about the possibility of applying the general model to various levels of the soviet system. Studies show that accountability can be implemented at all levels of regional management, but from the organizational and methodological point of view it is best most readily applied to union republics not divided into oblasts, oblasts or krays and very large or large cities. This is primarily due to the fact that they have a favorable mix of necessary conditions: competent cadres of soviet employees, developed local economies and moderately complex, stable and structurally relatively well-balanced industrial-economic complexes. We suggest that the main links in the regional economic accountability system should be union republics not divided into oblasts, oblasts or krays and very large cities. Conditions permitting, other cities and regions may be shifted to self-financing by oblast organizations based on jointly worked out programs. Financial and economic activities of soviets at the oblast level should not be excessively centralized.

Certain distinctive features appear under new conditions in the work of soviet organs in republics divided into oblasts. The large size of those republics, which include the RSFSR, UkSSR and KaSSR, enormous industrial capacities, complex economic systems, internal heterogeneity and an objectively existing in these circumstances gap between managerial decisions and their results all significantly lessen the possibility of applying the basic regional accountability model. This calls for a search for special methods at this economic level.

Currently, there is no direct link between republics' budgetary spending and economic performance. In Uzbekistan, for instance, social spending as a share of actual national income is twice as high as in the RSFSR. Under new conditions, stable, long-term republican budgetary norms for developing local infrastructures and the social sector should be provided. This will help eliminate parasitic notions at a number of republics, intensify economic activity and focus the demographic policy of republican organizations on the actual ability of those republics to provide modern living standards on their territory.

The proposal indicates that such norms must be introduced in order to bring them into line with national income indicators. It should be kept in mind, however, that reported indicators in union republics, thanks to imperfections of the price system, peculiarities in the method of calculation and other reasons, significantly distort the distribution of actual production on the territory of the country. Clearly, we should consider



other ways of setting republican budgetary norms. (For instance, they may be linked to the budgetary activity of the territory of the union republic.)

Success in applying economic accountability principles to regional relations will depend on the existence or creation of favorable conditions. Such conditions include progress of the overall economic management system, improvement in the organizational structure of the local management system, training of soviet and party cadres to work under new conditions and review of the principles of regional planning.

As far as the first condition is concerned, it should be noted that without progress in such areas of economic reform as shift to economic forms of interaction, broadening of wholesale trade, price reform, reorganization of industry management and true broadening of enterprise autonomy, no regional accountability would be possible. Wide opportunities opened by this type of accountability would be negated by the lack of material support for programs that soviets will finance from their budgets and other sources of revenue, inability of enterprises to make independent decisions, narrow-mindedness of industry management, etc.

The shift to accountability by local economies would free soviets of some functions of managing the economy directly, thus considerably reducing and simplifying the structure of executive bodies. At the same time, the role of economic activities and of managing the general development of the entire region would increase. This requires that departments responsible for general development be bolstered accordingly and special economic services in cities and rayons created.

Studies have shown that the staffs of soviet ispolkoms, especially at the city and rayon level, are not only unprepared to shift to new work methods but are not even sufficiently effective under existing conditions. The cause of this is the low level of training and retraining of personnel, low salaries and subservience of soviet apparatuses to party committees.

One of the most complex issues in implementing accountability is to determine the rational relationship between regional plans and new economic forms. Clearly, the system of regional planning must be improved significantly under new conditions. From being the mainstay of the command management system, plans should be transformed into a scientific foundation for developing a system of regional economic balance. Consequently, proposals for the makeup of general plan indicators should be reviewed and soviets should get complete independence in developing their own plans.

Three main views exist on the role of soviets' economic management structure in the accountability system in the socialist economy. One holds that regional accountability means only accountability of local economies.

Clearly, this view is limited. Another holds that regional accountability means self-sufficiency of the industrial-economic complex of union republics. This entails the republic getting full material and financial responsibility for the entire economic complex on its territory, with the task of managing the economy concentrated at the republic level and contributions to the union budget made from a single center. Despite its superficial allure, this approach is negative in its essence. This regional accountability model leaves no place for independence and self-financing of enterprises. A shift to such regional accountability means in practice replacing the industry principle in economic management with the territorial one. This approach represents essentially a new form of old economic relations. Practical implementation of this version will have grave consequences for the economy as a whole, due to the real risk of parochial tendencies, compartmentalization of the economy, etc. occurring as a result of economic, state and political power being concentrated in at the republic level.

A more measured approach currently prevails; it views the regional economic system against in the context of developing accountability of the basic economic unit. In this case, we speak not of economic accountability of the entire economic complex of the region but of accountability principles in the work of soviet entities. Progress in regional economic relations depends on this model being adopted.

Various aspects of the process of change in the regional economic system in line with current economic management reform are reflected in very important documents issued by soviet and party bodies. Many issues are being resolved. The practice of making enterprises reporting to higher-level authorities contribute to local budgets is broadening. Payments for labor resources are being introduced. Regional norms of payment for natural resources are being developed, and ways to transfer a portion of these payments to local budgets are being considered. In republics, preparations to shifting enterprises reporting to local soviets to full accountability are under way. Locally, new forms of interaction with enterprises are actively sought. A budgetary experiment will become reality in Estonia, Latvia and Georgia, as well as in Sverdlovsk Oblast, Tataria and Moscow, starting in 1989.

Nevertheless, the situation gives no cause for optimism. No consistent scientific concept of regional accountability as yet exists. The work of central economic organizations in developing regional rates of payment for resources, contributions to local budgets, etc. is formalistic. The fact that soviets are organs of popular power, and regional distinctions the implementation of new methods in their activity, are not being fully taken into account. Local initiative often assumes forms that conflict with accountability at enterprises. The experiment that is being prepared is too narrowly focused on budgetary issues. All this is the result of the fact that restructuring of the regional economic system is poorly organized.



To accelerate this work and to make it more purposeful requires the creation of a special government body capable of achieving the near-term goals of implementing regional accountability by:

—organizing the development of a general concept of the new regional economic system;

—compiling organizational and methodological guidelines for republican and local entities for applying new forms and methods of work;

—explaining and providing exhaustive information to the public on features of the new system;

—participating in the development and implementation of regional norms of payment for resources and budgetary norms in the course of the current 5-year plan;

—participating in the development of a new law defining the powers of local soviets of the people's deputies;

—participating in preparations for establishing in the course of the 13th 5-year plan a new form of state property, i.e., property of local soviets; and

—organizing and conducting broad experiments to perfect parts of the new economic system as well as its general model.

#### Footnote

1. Figures provided by Ye.G.Andryushchenko.

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#### Vilnius Roundtable: Economic Accountability 18000740 Moscow TRUD in Russian 1 Apr 89 pp 1-2

[Report on TRUD roundtable discussion conducted by TRUD special correspondents G. Konchyus and A. Pankov]

[Text] Scientists, planners, representatives of departments, and party and trade union workers from Belorussia, Latvia, Lithuania, Estonia, Tataria, and Sverdlovsk Oblast attended a TRUD roundtable in Vilnius in order to exchange ideas on the draft of the "General Principles of Restructuring the Management of the Economy and the Social Sphere in Union Republics on the Basis of the Expansion of Their Sovereign Rights, Self-Management, and Self-Financing," to amend it, to present their conception of regional economic accountability, and to describe the degree to which they are prepared to make the transition to it. And now the participants take the floor.

[V. PAVLOVA, sector chief, Council for the Study of the Productive Forces, USSR Gosplan; candidate of economic sciences]: The discussion of recently drafted laws is taking place in a truly pluralistic atmosphere: in their

concern for perestroika, people are expressing all manner of viewpoints. We will obviously make numerous comments about the draft of the "General Principles of Restructuring the Management of the Economy and the Social Sphere in Union Republics..." But I initially want to emphasize: this document is a fundamentally new and important step in expanding the rights of union republics. A considerable number of enterprises will pass into their jurisdiction. Local financial resources will be greatly increased. They themselves will be able to increase republic budget revenues. They will be given the right to create nonbudget funds by floating bonds, holding lotteries, etc. That is, the financial and economic state of a republic will now depend to a much greater degree on local initiative and enterprise than was previously the case.

[V. YANKAUSKAS, chief, Socioeconomic Department, Latvian CP Central Committee]: For several years, some of the enterprises in our republic have been working on a full economic accountability basis and this year all enterprises have been converted to full economic accountability. But what do we have from this? We can only be glad that the statistical accounting indicators are slightly better. But at the same time, we offer the population a longer list of scarce goods. We have even gone so far as to include soap on this list. This is big politics, not economics. On the other hand, regional management organs do not feel that the population's living standard depends to the slightest degree on the effectiveness of the enterprises' work. It is true, to be sure, that some collectives have amassed more money, but they have nothing to spend it on.

We therefore believe that in order to expand regional economic independence and to make the transition from administrative to economic methods, republic economic accountability must be instituted as soon as possible, especially in view of the fact that the Baltic republics have been preparing for this for a long time.

[S. UOSIS, professor, Vilnius State University]: In the central press, the authors of our conception of republic economic accountability are accused of trying to get Lithuania to secede from the USSR. This is some kind of misunderstanding. We want the USSR to be truly a union of sovereign republics. But such sovereignty is impossible without economic independence. That is, it is essential that a republic (and enterprises) not be commanded from the center by departments but that it consult and collaborate. In my view, collaboration can best be realized on the basis of commodity-monetary relations through the market rather than through the offices of central monopolistic organs.

It is also necessary to coordinate republic economic accountability with self-financing. Is it possible to speak of independence if, judging by the "General Principles," banks will not be subordinate to the republic? Credit and emission resources will also be the exclusive province of the center and will be distributed by the center.



If all of us now occasionally feel that we are willfully using administrative measures to redistribute resources between republics and enterprises, will this not continue if the unified monetary system is preserved? We therefore propose that the republic introduce its own monetary units.

The republic must put its monetary system in order so that the money would not be floating paper money, but money that is backed by goods. It is difficult for us to resolve this problem by our common efforts because we may earn our money in one part of the Union and spend it in another part. There is no economic mechanism that would compel us to maintain a balanced economy.

[L. ROMANENKO, deputy chief, Socioeconomic Department, Sverdlovsk Party Obkom]: But this is not an economic method, but simply a constraint. Why then should we make the transition to republic economic accountability? We introduce our own money and the resources remain with you.

[S. UOSIS]: No! Money will be real money only when it becomes a real equivalent.

[L. ROMANENKO]: Sverdlovsk Oblast's conception, which we developed in parallel in the process of preparing for the regional economic accountability experiment, does not differ so very much from the "General Principles." We for the most part agree with them. But we do have our own view on individual questions. Thus, paragraph 3 of section III proposes the establishment of uniform normative deductions for everyone that are to be paid to the oblast budget from the balance sheet profits of enterprises of union-republic subordination. We disagree with this because various regions, the Urals, the Baltic, and Central Asia, for example, had different starting levels in their socioeconomic development. And the uniform norm only reinforces the existing level—we will then continue to lag.

We also believe that payments for natural and labor resources must for the most part go to the oblast budget, not the union budget.

Considering the low level of development of the social sphere in our oblast, an enterprise must contribute about 760 rubles for every worker annually and 3000 rubles for every newly hired worker. According to our calculations, one worker gives us approximately 60,000 rubles profit a year. Consequently, 3000 rubles is also profitable, both to the enterprise when it creates a new job, and to the region. We also propose instituting payments for land resources: approximately 20,000 rubles for every hectare of land condemned for industrial use and 1200 rubles a year for every hectare of industrial land. That is, our budget must for the most part stem be based on the oblast's leasing of its labor, land, water, and forest resources to the enterprise.

We also propose transferring to oblast or city jurisdiction union-republic enterprises that use more than 50 percent local raw materials or that satisfy the oblast's needs. They are for the most part enterprises in light industry, the processing industry, the agroindustrial complex, and the construction industry.

If an enterprise pays us certain sums, we must take the solution of social problems upon ourselves. In order to facilitate this, we ask that we be allowed to establish not only the state order but also a local order for up to 30 percent of the production volume. Today this is allowed up to 5 percent and this, of course, is not enough.

[F. YASYAVICHENE, chief, Economics Department, LiSSR Council of Ministers]: The formation of the republic budget must be as simple as possible. We propose accumulating all income in the republic which will settle accounts with the union budget on the basis of the established norms. Budget to budget.

[KH. VITSUR, deputy director, Scientific Research Institute and Planning, EsSSR Gosplan]: If a republic receives fewer deductions from a Union enterprise than from a local enterprise, why have the former on its territory? Therefore we also believe that a certain fixed percent should be paid from the republic national income to the Union budget.

[N. DANILOV, first deputy chairman, Nizhniy Tagil Gorispolkom]: How do you coordinate the work of enterprises with the advent of regional economic accountability and the introduction of new money?

[KH. VITSUR]: Without real money, enterprises will be unable to work more effectively. We will not be able to create a work motivation system in a region where there is nothing to buy with money. The monetary system must be decentralized in the economic reform transition period. Otherwise we cannot extricate ourselves from our critical position.

[V. PAVLOVA]: 77.3 percent of our financial resources will pass into republic jurisdiction (such is the figure according to your conceptions); only 22.7 percent will be left at the disposal of your rayons and cities. Does it not seem to you that at the same time you are fighting against the power of the "center," you are becoming the most undesirable center to rayons and cities?

[KH. VITSUR]: We are not forgetting about this and propose that the republic decentralize monetary resources all the way down to the village soviet so that all local authorities would have their own purse and would be able to dispose of them in accordance with the functions that are vested in them.

[L. KRYUKOV, director, Scientific Research Economics Institute, BeSSR Gosplan; candidate of economic sciences]: It is the first, albeit not very radical step forward.



But while endorsing the draft as a whole, we make a number of qualifications. Thus, we propose that the projected transfer of enterprises to republic jurisdiction not be postponed, but that it be carried out in the current year, before work on drafting the 1990 plan begins.

It would also be desirable to transfer to the jurisdiction of the republic individual enterprises of branches that according to the draft remain within union jurisdiction. We refer to enterprises that produce consumer goods from local raw materials, e. g., enterprises that produce rubber footwear, household chemical products, and sewn-knitwear products...

In a number of instances, the "General Principles" do not differentiate with sufficient clarity the functions of union and republic organs that manage regional socio-economic development. For example, the material-technical supply of enterprises belonging to Goskomizdat [State Committee for Publishing Houses, Printing Plants, and the Book Trade] is effected through the republic, but they make their currency withholdings only through Goskomizdat, bypassing the republic in the process.

[A. MATULYAVICHUS, general director, Vilnius "Neringa" Association]: You said that the "General Principles" are not sufficiently radical. What in your opinion should be done to make the economy effective?

[L. KRYUKOV]: Given the present economic mechanism and the extremely negative phenomena—the supermonopolized structure, inflation, the imbalance, and shortages, no matter how ideal the "General Principles" might be, they will not become a magic wand. The transition to regional self-financing must also be accompanied by other far-reaching economic reforms.

We also proceed from the premise that all our economic reforms in general and the success of all our efforts are decided not in offices but in the primary link, at the enterprises, where the initiative will be unleashed

[S. DAVLYATSHIN, head, Department of Socioeconomic and Legal Research, All-Union Scientific Research Institute of Social Insurance, All-Union Central Council of Trade Unions (Kazan); candidate of economic sciences]: The "General Principles" propose a unified conception of republic economic accountability without regard to local conditions and the degree of readiness of various regions. It seems to me that we should make it possible to try out different variants in practice. If the Baltic republics consider it necessary to go further, I think they should be given the opportunity to do so. If their experiment produces a negative result, this will have scientific, methodological, and practical significance for other regions since they will obviously make the transition to republic economic accountability later and will take their mistakes into account. After all, virtually all economic experiments in the past were conducted without alternate variants.

We also believe that economic sovereignty, as the basis of economic normalization, is needed not only by the republic but by the oblast and city as well.

[U. ZMENELIS, department chief, LaSSR Gosplan]: Latvia has already begun preparing to implement the "General Principles." Even though this document has not yet been approved, but we think that it will not be any worse after the discussion. What positive features do we see even now? Clearly, the republic, cities, and rayons will have more independence. As regards the transfer of enterprises from union jurisdiction to republic jurisdiction, this is what I have to say: I am opposed to equating union bureaucracy with republic bureaucracy. The republic bureaucracy is, after all, closer to the needs of the population of a given region and it is easier to oversee its actions. Nevertheless, we consider the creation of organizations and enterprises that are not subordinate to any department to be a still more radical step.

It is difficult to agree with the proposal in section III of the "General Principles" that enterprises under republic jurisdiction shall pay profit withholdings according to one norm while union enterprises shall pay profit withholdings under another norm. We therefore support the system that is proposed by our Estonian colleagues: that transactions with the union budget be carried out in a single channel.

Much has been said here about a republic currency. I realize that this will not happen in the first stage. But this is what I would like everyone to think about: the economic interests of a republic's population require a certain measure of protection. Last year, 480 million rubles' worth of goods more were shipped out of Latvia than our population imported into our republic. In general it could be said that the money stays in the republic. But what does our Gosbank do with this money? It packages it up and ships it to Moscow where USSR Gosbank distributes it to the regions from which the money comes. If the ruble were even nearly convertible, if we could freely use this money to buy the corresponding goods, resources, and foreign currency, the question would not even arise.

[I. TSINKUS, deputy general director, Riga "Sarkanays kvadrats" Association]: As regards jurisdiction to a union or republic organ, in the general scheme of things, this is not so very important. Something else is important. Our association ships approximately 85 percent of its output outside Latvia. About four percent of our total income remains in the republic. Plus...2000 tons of waste material and other problems. Ideally the enterprise should not be subordinate to either the republic or the union. It should be economically independent and work for the market according to economic laws. I refer to enterprises that produce consumer goods.



[K. ANTANAVICHUS, department head, Economics Institute, LiSSR Academy of Sciences; doctor of economic sciences]: What are the reasons behind our economic nonsense? The fact that money does not work, that there is no normal market...I would not very much like to emphasize, as Professor Uosis does, that we need economic changes for sovereignty. I am firmly convinced that all economic changes in our conception—free price formation, market relations, the abolition of the existing planning system, etc.—are required so that the economy would begin to function normally. We proceed from the premise that economic freedom is granted to any unit: cooperative, enterprise, information center. You pay your taxes and everything else is yours.

We say: everything for man. Let him work for himself at the enterprise, in the rayon. We have regions where the air is very polluted by chemical plants. This is the right of those who live there to sell their health and the health of their children. But then life in this region must be 5, 10, or 20 times richer than others.

[N. DANILOV]: I represent a suffering city in the Urals. There are more effluents from the enterprises in our city with a population of half a million people than in all Estonia. There is not even any need to speak about the level of morbidity. Of late, we have been shaken by ecological meetings. The city's social and ecological problems are solved very slowly despite the fact that Nizhniy Tagil enterprises pay more taxes than some republics. And considering the fact that any extra kopeck is taken away from our budget, we decided to create the regional interbranch association (TMO: territorialnoye mezhotraslevoye ob'yedineniye).

Our basic principles are such: it is not the replacement of the dictatorship of the department by the dictatorship of the "region"; rather it is economic dialog. Twenty-five thousand rubles a year from an enterprise for a workplace; approximately 700 rubles per person. The funds are used to strengthen the social infrastructure.

We have also created a nonbudget fund. This is something like the city's savings passbook: the fund for the development of municipal services. We make it up on a contractual basis. Everyone needs good roads. An enterprise and the TMO conclude a contract on joint actions. The enterprise contributes money and I am responsible for seeing to it that it is used for its intended purpose.

We believe that the TMO is the basis of the economic mechanism of urban development. And after all, to me, as a gorispolkom official, it is all the same to whom people bow: the USSR Council of Ministers or the republic council of ministers. The city must have its own money.

What frightens me about the transition to the new economic mechanism of regional development is the system of price formation. It is hopelessly involved.

There is no making head nor tail of the interbranch balances. And how should one compile interrepublic balances. Will we not have a falling out?

Question: Does your TMO require economic accountability for all Sverdlovsk Oblast?

[N. DANILOV]: We have 44 cities in our oblast. Are we 44 proprietors or 44 petitioners? I am in favor of 44 proprietors. But of course there must be coordination at the oblast level.

[V. GRIGORYEV, general director, Kazan "Rezinotekhnika" Association]: Regional economic accountability must be established on a good scientific basis. Or else we will be converted to so-called full economic accountability at one fell swoop. We collected, we indicated; there was no discussion, no preliminary study. As a result, nothing was improved. Only the signs were changed.

There has been discussion here of voluntary association. I would not like to form an association with a kindred enterprise—this will only intensify the concentration. I would prefer to form an association with a machine building plant, with a construction organization, with science, even with a sovkhos—anything to feed the people...

[G. YASKELYAVICHUS, general director, Utenskiy Soft Drink Plant (Lithuania)]: We produce 40 million rubles' worth of products a year, but after taxes and standard withholdings we are left with 500,000 rubles. What can one do for the collective with this amount of money? We started operating on a lease basis so as to untie our hands and free ourselves of administrative pressure. In the very first month, we overfulfilled our plan by 25 percent. People work better when they know that they will receive the money they have earned.

Question: If you are going to have economic independence, what kind of economic accountability is better for you—republic or city?

[G. YASKELYAVICHUS]: The most important thing is: plant! But in order that money earned does not become cheaper, republic economic accountability is needed.

[P. TREYER, general director, Tallin "Talleks" Association]: The republic itself must regulate the size of the withholdings, otherwise manpower will migrate from one enterprise to another. Today there is already "raskulachivaniye" [dispossession of kulaks] at large union enterprises because the "brains" are moving to cooperatives and small enterprises because they have an entirely different basis for pay.



In our view, we cannot have a Law on the State Enterprise and a Law on Cooperatives at the same time. There is need for a legislative act that would place everyone under the same conditions. That is when all-out competition would begin.

In order to make "Talleks" workers more interested in the result of their work, we decided to introduce credit cards at the plant. A person will not try to do better work if he knows that there is nothing he can buy with the 400 rubles he has earned "Talleks." It will evidently not be possible to introduce republic money, but it is easy to adopt credit cards immediately. A person is allowed to transfer 50 percent of his pay, for example, to a card. And he knows that he will be able to buy scarce goods for all 200 rubles.

[S. UOSIS] Where will the credit card goods be obtained if they cannot be purchased for rubles? This means that there will be a covert source of supply. And where will goods to buy with the remaining 50 percent come from?

[P. TREYER]: A person can travel to Vilnius, Riga, Leningrad.

Rejoinder: But cards may also come into use there.

[N. DANILOV]: When I go home from here my countrymen will ask me what was offered at this roundtable. I will reply: there were proposals to introduce electronic money and special shops. And what about us? Our stores do not even have what you have in the Baltic republics. This is also real regional differentiation. We have a powerful chemical industry and ferrous metallurgy. Can we renounce them the way the Baltic republics are renouncing ecological harmful production facilities? They are the basic branches of the country's entire economy! We cannot get away from this. We carry this cross. And you propose placing some kind of screens in front of us.

[A. CHUPLINSKAS, general director, Lithuanian "Sigma" Production Association]: I agree that enterprises should be without departmental subordination and should have full freedom of planning. But even now collectives have been given many rights. We, for example, are developing a program for promoting interest in better work. Thus we are planning to give all workers 24 days of paid leave. Of course, this will require higher labor productivity, additional goods and more profits. We are planning to expand benefits for women: to grant longer child-care leave, to raise pensions. We are planning to give veterans 18,000 rubles severance pay and to grant loans to young people. We estimate that such a program would help us to raise labor productivity 2-2.5-fold and to raise pay 1.5-fold in 3 years.

Question: Are you opposed to swapping the "yoke" of a union department for a republic "yoke?"

[A. CHUPLINSKAS]: Yes I am. We are convinced that this will accomplish nothing.

[L. YANKAUSKAS, general director, Lithuanian "Banga" Production Association]: I also believe that no kind of ministry is needed to manage an enterprise. We must obey the Law on the State Enterprise. And we must see to it that this law is in effect. We must make the transition to direct ties in material supply and in the sale of finished goods. A "third person" is a hindrance rather than a help. But we are not entirely ready to make the transition to direct ties: there is not conscientiousness and there is need for a legal guarantee of these ties under republic economic accountability.

Republic light industry receives 72-74 million rubles' worth of materials in hard currency and sells only 3 million rubles' worth in exports. And when it passes to republic jurisdiction, who will give these 74 million? Such a situation is also characteristic of other branches. And when the republic makes the transition to regional economic accountability, these problems must be resolved.

Another point. No one is calculating the local budget. We have already been assigned a norm: 10 percent of the profits go to the local budget. Will a city obtain the funds it needs when it receives withholdings from all enterprises. No one is calculating this today.

I was pleased to hear about the specific actions of people in Nizhny Tagil: people are striving to obtain their due under the present system. If course, it is easier to shout: there are no rights, there is nothing, everything leads to zero. But we in the collective have set ourselves the task of resolving all social problems: providing people with housing, medical care, rest and recreation, food, and semifabricates. Even though no one ordered us, we ourselves build a hothouse valued at two million rubles. We provided foreign currency to buy vegetable-growing technology abroad for another hothouse.

I also want to express my opinion as to whether we are moving too fast in making the transition to republic cost accounting. We have concluded a contract with a Danish firm to teach us management skills. Their curriculum includes the following example. You have decided to eat an elephant. But how do you go about it? All at once? It won't work. You have to eat a piece 3 times a day and in 5 years there will be no elephant. This is what I am in favor of: realistic timetables without undue, rash haste.

[S. UOSIS]: Many directors take a narrow view of this problem. Their plant must have more funds in order to build a swimming pool and housing. This is a natural economy. Departmental housing is a vestige of the feudal system. We must get rid of this and housing must become a commodity.



More. There is notable pressure of technocratic thinking and a lack of economic thinking. If we manage the national economy like a plant, there will be no perestroika. If our economic accountability is just as operational as production, who among us will put everything together. How will we free ourselves of imbalance, of disproportions?

[V. PAVLOVA]: Under regional economic accountability, it is first of all important to coordinate interrelations between the primary economic link—the enterprise and lowest organ of power—the rayon or city soviet.

I too am not satisfied with all the points in the "General Provisions." Thus, this document envisages a share of withholdings from payments for productive capital and from profit taxes that is uniform for all union republics. But after all, the per capita difference in the industrial production is enormous—as much as 3.5-fold and this means that funds received by republic budgets will also fluctuate within the same proportions. Central Asian republics, where the level of per capita consumption is one-half the all-union average, will be in the most difficult situation. Kazakhstan and Azerbaijan (whose level is about 70 percent of the all-union level) will be in almost the same situation.

The standard norm will also negatively affect the situation in regions with cost-increasing factors: remoteness, wage coefficients and increments. And housing construction, let us say, in the Far North and Far East costs several times more. Obviously, local organs will try to compensate these expenditures with higher payments for labor and natural resources. And this can lead to a certain curtailment of individual types of production and to the violation of the principle of uniform distribution of the productive forces throughout the nation, which is especially fraught [?] for such a republic as the RSFSR. A union republic must also have the right to differentiate these norms on its territory.

I also believe that the elephant must be eaten over a five-year period. The economic mechanism is so complex that you can't change it overnight.

Opinions expressed at our roundtable about the "General Principles," about ways of restructuring the economic and social sphere in union republics vary greatly and in some cases are diametrically opposed. This is understandable: it is a complex problem requiring a reasoned approach and the present "starting" positions of the republics are unequal.

We will continue the discussion of the draft of the "General Principles" and we invite the readers to take a constructive part in the discussion.

### Academician Assesses National Economic Priorities, ESSR Position

18200344 Tallinn SOVETSKAYA ESTONIYA in Russian 21 Mar 89 p 3

[Interview with Academician M. Bronshteyn, candidate for deputy for the National-Territorial Tartuskiy-Sovetskiy Electoral District No 477, by SOVETSKAYA ESTONIYA special correspondent M. Roginskiy: "Ways of Overcoming"]

[Text]

[Roginskiy] Evidently quite recently you were not even thinking about being a deputy...

[Bronshteyn] That is true. The fact that they had begun talking about me right away in several districts was unexpected. Frankly speaking, I was not even present at the meetings when they advanced my name. And of course, I thought about refusing at first. I am actually of retirement age. I went through a war, and this has also had an effect...

You will probably say that not so much energy is needed to sit at sessions or to receive voters. But I am more inclined to think that the deputies now will have to work a great deal, and in particular, the "team" which Estonia will present. Inasmuch as they will have to champion the interests of developing the economy of the country as a whole and the Estonian SSR in particular at the union level, it is clear that they have the IME [Self-Managing Estonia] concept in mind first of all.

And conversations with prominent economists and planners in the country played an important role in the decision: they convinced me that professional responsibility obliges the specialist today to exert every effort and to take advantage of every opportunity to bring the national economy of the USSR out of its crisis condition.

[Roginskiy] All the same, they are now saying "precrisis..."

[Bronshteyn] Don't oversimplify it. We are faced with a very serious financial disaster. Recently Mikhail Sergeyevich Gorbachev spoke in Kiev and noted that every year we increase the output of commodities, but the shop counters are empty. The goods vanish, and dissatisfaction increases accordingly. What is the matter here? The problem, for example, is that our USSR Supreme Soviet approved an unbalanced budget at the end of last year, in accordance with the experience of previous years, incidentally. And it is most astonishing that this budget, which never would have been approved by the Congress in America, for example, was adopted by us practically without a single objection...

[Roginskiy] But the American budget has not been balanced, either. Our newspapers report this regularly.



[Bronshiteyn] But they forget to add that the deficit of over 100 billion dollars planned for the current year constitutes just 3 percent of the GNP—the gross national product. But according to authoritative estimates, roughly 100 to 150 billion rubles are not covered by goods here. And this is not 3 percent, as the Americans have, but 11 percent of the GNP. With such a correlation, the annual rate of inflation should reach about 300 percent. You will say that we do not have such a rate. But I will answer that our state is simply supporting the prices. Inflation is demonstrated by the fact that all commodities in succession continue to be bought up. They will buy them whether they need them or not. And then the commodity famine begins. And the first consequence is a drop in interest in economic incentive. The ruble is not working! And if we do not normalize our finances, I believe that none of the plans to raise the standard of living will be carried out. This is the number one problem facing the country.

[Roginskiy] Why has such a situation taken shape?

[Bronshiteyn] I looked through a verbatim account of the 10th Session of the country's Supreme Soviet recently, you know. I found it interesting how such a huge deficit could develop. And I believe I understood. All the speeches by the delegates were as alike as two drops of water. First, accounting for oneself—what one republic, oblast, or sector or another has achieved. And then—give, give, give. In the final analysis, a commission gives something and refuses something. But after all, it must be approached from the viewpoint of the economy.

Television here is pleased to show "their" strikes by miners and steel workers protesting the production cut-back. But after all, this is an inevitable consequence of the appearance of new materials, energy sources, and technologies! But all our departments are concerned only about increasing gross output. They demand that more and more new enterprises be built. In the civilized world an enterprise is built in 1.5 to 2 years, but here it has been 13 years recently, and they have now reduced it to 8.5 years. Although there are examples in the Donets Basin of a mine being built for 20 years. Do you understand? The flow of wages is under way, but there is no coal. This is also a source of inflation.

I asked the financiers in Moscow: "How could you permit such a budget?" They replied: "Unforeseen circumstances—Chernobyl, Armenia. This is why the expenses rose." I responded: "Then we must cut back and live within our means. Somewhere something is increasing, and somewhere something should be reduced." They told me: "But after all, the five-year plan has already been made up. Everyone was promised money and limits. We cannot cut back."

[Roginskiy] What do you hope for?

[Bronshiteyn] For debate in the USSR Supreme Soviet. I am visualizing how the departments will defend their positions. Especially if a considerable amount has already been invested. There is an unfailing argument: if we do not invest enough, we won't receive anything at all! Channels. Petrochemicals. Power stations. So there will be a bitter struggle in the Supreme Soviet.

[Roginskiy] Will we have to cut back social programs as well?

[Bronshiteyn] That is impossible. The residual principle for these programs has led to a terrible situation. It must be rectified.

[Roginskiy] What do you mean, specifically?

[Bronshiteyn] I would line up the priorities this way: medicine, food, and housing.

[Roginskiy] A social program is an increase in the standard of living as well. What are your ideas on this?

[Bronshiteyn] I will mention the main thing first of all. I suggested not so long ago that an increase in prices is necessary to normalize the economy. At least for the products that are produced at a loss. Well, by making up for the animal products with additional payments, for example. I am not alone; all the serious economists have held this position. But today we are all saying with one voice: this cannot be done by any means. Inasmuch as the compensation will be at the cost of the same printing press. That is, the inflation spiral will continue just the same, and it costs the same price to start, as everything will collapse. Recently one prominent economist asked me: "Why is it this way, why do you change your opinion?" I responded that I will somehow endure this increase. But the social base of government support will be sharply reduced. For this reason I repeat: first we must balance the budget for incomes and expenditures...

[Roginskiy] Is this really possible?

[Bronshiteyn] We need a strict investment policy: shut down the unprofitable enterprises and remove the subsidies.

But in general, the debate between the two groups of economists has spread. One group believes that a substantial base for consumer goods production must be developed. The foreign exchange which we have must be spent to purchase equipment. The other group feels that most of the funds must be used to purchase those imported goods which provide the largest return. For example, coffee costs less than a ruble per kilogram on the world markets.

I personally think that the second route is more effective. Especially as 5 billion rubles of imported equipment that has not been installed has been accumulated in the country now. But consider the long time it takes us to



build, our untrained personnel and raw material problems. So 10 years will be spent somewhere on this path. But the market has already been stripped now... But in general, we must look for the ideal. And not raise our hand and vote for any expenditures.

[Roginskiy] What are the specific interests of the ESSR, in your view?

[Bronshiteyn] Three basic principles form the basis of the republic's economy in accordance with the (IME) concept which we worked out not so long ago in heated discussions.

First: the republic should have economic independence and bear responsibility for utilizing its resource potential so that the best work provides for a higher standard of living. Second: equivalent exchange with other regions in the country. The third principle, which I also actively support, is the republic's fixed, firmly stipulated participation in the shaping of union programs and the budget, where we receive the right to monitor their use by paying money. So that they are not wasted on senseless "projects of the century," as an example.

[Roginskiy] But perhaps it is simpler in general to take the economy of the ESSR out of the union structure?

[Bronshiteyn] From the many years of stagnation, the shortcomings that have been brought to light are forcing many persons to think about such a separation. But the modern economy is based on the public division of labor. For this we should do something for others and receive something from them. When we say we will not ship out meat, milk, and consumer goods, then we have to refuse to import as well.

Moreover, it is very profitable for us to be part of the union national economic complex. A vast market! But this will become clear only when there is normal equivalent exchange. Why don't we want to export our animal products? First of all, we receive low prices, and secondly, we cannot buy what we need. Every year THEY ALLOCATE something for us. It is as if we receive no grain, but they give us things at others' expense. Moreover, this year the prices for mixed feed were raised by 40 percent without our consent, without our permission.

Beginning next year we are planning to shift to cost accounting. But after all, wholesale (not retail) prices for petroleum products, metal, and lumber are rising. And if we sell a liter of milk at the old price? And a kilowatt of electricity at 1.5 kopecks? We will go bankrupt! And I want everyone in the republic—both Russians and Estonians—to understand this—it will affect everyone!

[Roginskiy] How do you regard L. Annus' critical remarks about your position which appeared recently in SOVETSKAYA ESTONIA?

[Bronshiteyn] My position is well known not only to SOVETSKAYA ESTONIA readers, but L. Annus as well.

We took part in a "round table" held by the editorial staff of the Moscow journal KOMMUNIST in Riga quite recently which was devoted to interethnic relations in the Baltic region. In my address (it should be published), I expressed a negative attitude toward the models for a closed economy and attempts to "nationalize" all the enterprises located on the republics' territory by shifting them from subordination to Moscow's bureaucratic departments to local bureaucrats. In general, I believe that the word "subordination" is from the administrative system's dictionary. Just where did L. Annus find an appeal to act "on the sly?"

I repeat: I support full cost accounting. But please, don't spoil nature, and don't pollute. Under our conditions—don't bring unnecessary manpower, and the situation is so strained. Pay your taxes. If you go to something new, they will give you tax advantages and subsidies. If you turn out something old, they leave you with the market.

[Roginskiy] What are the ways of overcoming the tension in interethnic relations inside and outside the republic, in your opinion?

[Bronshiteyn] We do not like the word "compromise." We are accustomed to the slogans "Stand to the end," "No concessions," and so forth. By advancing them, it is easy to receive support from a certain part of the public. But such a position leads only to a dead end. We do not have to go far for examples—Nagornyy Karabakh. There are examples of a different procedure in our republic—searching for a balance of interests and finding a reasonable compromise.

Even if we just take adoption of the Law on Language. The interests of the indigenous Estonian population have amounted to restoration of the language situation in 1940. They were also reflected in the first draft of the law. The interests of the majority of the Russian-speaking population boiled down to retention of the situation that exists. Why should we make things difficult for ourselves by mastering one more language? For this reason, the requirement was advanced that the two languages would be recognized as state languages in the republic. A compromise version was adopted. Incidentally, the Law on Language in the Estonian SSR takes the interests of the Russian-speaking population into account to a much greater extent than the corresponding law in the Lithuanian SSR. In particular, the shift to the Lithuanian language is obligatory there for clerical work at all enterprises for 2 years. I think that a reasonable compromise which takes the interests of the Estonian and Russian-speaking population into account will be found in the Law on Citizenship as well.



In the final analysis, there is no other way but to patiently learn to live together on this land. And this is what the new political thinking boils down to.

### **Long-Term Economic Prospects of LaSSR Analyzed**

18200277 Riga KOMMUNIST SOVETSKOY LATVII  
in Russian No 1, Jan 89 pp 5-13

[Article by I. Kirtovskiy, corresponding member of the LaSSR Academy of Sciences and director of the Economics Institute of the LaSSR Academy of Sciences, under the rubric "The Steps of Restructuring": "The Economy of the Republic on the Way to the 21st Century"]

[Text] Work is underway in the country to determine the principal trends of economic development that have as their foundation the decisions of the 19th All-Union Party Conference on the priority of the development of the social infrastructure and the necessity of a marked rise in the standard of living of the Soviet people. The development of forecasts of the socio-economic development of the country overall and the individual republics and regions for a longer period is underway. Such work is also being done in Latvia. Its basic results were expressed in the draft of the Concepts of Economic and Social Development of the Republic for the Period to the Year 2005 that was published in the republic press.

The draft elicited no few critical observations engendered not only by methodological problems as determined by the influence of former, leftover principles in the realm of forecasting the development of the social sphere, the agro-industrial complex and the ecology, but also by the not entirely suitable reflection of already existing developments on these issues and the fact that the Concepts do not delineate the key problems in the socio-economic development of the republic. I feel that one serious drawback in the draft Concepts is the poor regard for structural changes in industry from the point of view of the necessity of putting a material base under the considerable growth in the requirements of the population.

More attention should be devoted in refining the draft, in my opinion, to accelerating industrial and agricultural production through intensive factors, as well as to the renewal of fixed productive capital. The construction industry must be modernized as quickly as possible—only a marked increase in its efficiency will ensure the further development of the sector and, as a consequence, the complete satisfaction of the requirements of the republic for building materials and the creation of production capacity that would guarantee the solution of the housing problem in the cities and towns. The need of agricultural production for material support, without which it is difficult to count on the solution of the food problem, should evidently also be taken into account more fully. The fact that attention to the social sphere

should be realized not only via increasing financial resources, but also through the more active development of its material base is also undoubted.

In the evaluations of the scholars of our institute, the solution of the food problem, by the beginning of the 21st century reaching the rational norms for the consumption of foodstuffs, the removal of the acuity of the housing issue, for which the republic needs another million apartments, and roughly a doubling of the purchasing power of the inhabitants of Latvia are all essential first and foremost in the next few years in order to raise the standard of living of the population of the republic to the requirements of standards. Such a radical change in the standard of living is possible only with a more than two-fold increase in national income along with growth in labor productivity of almost 2.5 times.

Such is the general background of the socio-economic development of the republic for the next two decades. The wages of manual and office workers should increase an average of 3.7-3.8 percent a year in the period to the year 2005 in order to achieve the desired results. Roughly the same as the wages of kolkhoz workers. The fact that the income of cooperatives and those engaged in individual labor activity will also introduce its own corrections into this process is also undoubted. It has a dual role: on the one hand, it creates a rise in the monetary income for a certain portion of the population, and on the other, it facilitates the saturation of the market with consumer goods and an increase in services offered. It is difficult to say which will predominate in this equation, since the development of cooperative and individual labor activity is just beginning. But it is already clear now that it is possible to lessen the influence of the cooperatives on inflationary processes and not give them the opportunity of disrupting the balance between the monetary income of the population and the availability of consumer goods and services through an increase in the competition that should be offered them by state enterprises and with the aid of an intelligent tax policy.

It also cannot fail to be mentioned that the consistent incarnation of the principles of social justice will play a material role in the process of raising the standard of living of the inhabitants of the republic. One of the most important components of that principle is a regard for labor quality in wages. Meanwhile, a considerable gap has opened up in the last two decades between the quality of labor and the level of pay for it, which has been expressed first and foremost in a relative decline in the income level of specialists with higher education (especially in the non-production sphere) compared to the wages of workers in the sphere of material production. There moreover exist as before marked differences in pay for equal quality of work by the workers of industry, on the one hand, and the machine-building sectors of it on the other.



All of this creates additional difficulties in providing labor resources for the lower-paid sectors of production and reduces incentives for better quality work for the people employed in them, which against a background of an overall shortage of labor creates preconditions for such economic phenomena as the "jacking up" of wages and the driving of pay to its prevailing level in the regional labor market and the capabilities of the wage and incentive funds at a specific enterprise. The worker in the sphere of material production should of course have the opportunity of earning pay in direct dependence on his high-quality and intensive work with a regard for the efficiency of plant or factory activity. This policy, however, is frequently implemented in different fashion even at related enterprises, since it depends strictly on a wage fund that was formed earlier and has been converted to new conditions of economic operation via standards for its formation. The fact that a distinctive system of "jacking up" also existed at the ministerial level as well in which certain enterprises received wage funds exceeding their real needs while other got less than their requirements also cannot be forgotten.

The basic correlation of wages and the quality of labor can be restored, in the opinion of the scholars of our institute, through rates of wage increases higher than average in the non-production sphere and in light industry.

Society is called upon to adjust the monetary income of the population via a realistic and efficient fiscal policy so that it does not lead to significant disruptions of the principle of social justice. The payment of money for work not done, for idle time, for the output of junk, all sorts of bonus payments for overtime work and work on days off, after all, lead to increases in the amount of paper money not covered by goods, to all sorts of shortages and to inflation. If we do not raise the responsibility of business executives for the use of financial resources for wages, the problem of monetary and material imbalance will be very difficult to solve.

We should also determine what a real living level is for the country overall and for our republic in particular in order to establish fair wages, especially at the lower limit.

Much will have to be done for a sharp increase in consumer goods and to bring the volume and patterns of them into accordance with the actual needs of the inhabitants of the republic, in parallel with instilling order in wages and balancing effective demand and the capabilities of production.

This process, it seems to me, should move in two directions. On the one hand, the production of such goods must be increased, and on the other, it must be sought that the mechanism of economic operation for the formation of the regional market guarantee both the availability of a sufficient amount of goods produced in the republic and the receipt of everything necessary from other republics for individual consumption. The task of

re-orienting the production of consumer goods toward the internal market first and foremost should be resolved to a certain extent, in my opinion, via the mechanism of territorial economic accountability [*khozraschet*] now being created.

Despite the fact that the share of republic industrial output of consumer goods in the overall volume of gross industrial output is today twice as much as for the country overall, the enterprises of republic light industry will have to increase the volume of items produced by roughly 1.8 times in the next two decades. The task of satisfying consumer demand for the products of this sector, however, is not limited just to a quantitative, gross increase in their output. Much will have to be done to raise product quality and renew the assortment of them constantly, as well as for the efficient reaction of industry to changes in demand, competitive market conditions and the purchasing power of various segments of the population.

One of the stumbling blocks on the path of developing light industry is the modernization of its enterprises, which is acutely necessary today; after all, their fixed productive capital is now almost half obsolescent, and in the silk industry, for example, this obsolescence is 75 percent. The major portion of production space is moreover accommodated in buildings built over 50 years ago.

Many problems of the renewal of the enterprises of Minlegprom [Ministry of Light Industry] could be solved through the acquisition of equipment abroad at the expense of foreign-currency receipts from the sale of the output of those enterprises on the foreign market, barter deals and the creation of joint types of production with the enterprises of the socialist countries and with capitalist firms.

But foreign deliveries of equipment and the receipt of it from other republics alone will not solve all of the problems of the sector. The inherent machine-building base will have to be developed as well, and it would apparently be expedient to do this on the basis of a partial reconfiguration of the machine-building enterprises existing in Latvia. This will make it possible to accelerate the technical retooling of production in the light and food industries and provide the opportunity of preparing efficiently the fixed productive capital of enterprises producing consumer goods for the prevailing competitive market conditions. It will moreover be difficult to develop production cooperatives and local industry without an inherent machine-building base.

Today ideas also exist on transferring some of the enterprises in local industry and municipal and consumer services to the ownership of the local soviets, for which economists have already defined a term—socialist municipal ownership. If this occurs, the soviets will become business as well as political organizations. The small enterprises belonging to them will principally produce output for the regional market with a regard for



the specific requirements of a certain region or town. This business activity of the local soviets will also facilitate a balance between the availability of money among the population of the territory and providing them with goods and services and the "filling" of the ruble with real substance.

The food industry, which is a distinctive connecting link between agricultural production and the appearance of foodstuffs on our tables, has an important role in raising the standard of living of the workers of the republic. The disproportion between the volume of agricultural output and the capacity to process it, first and foremost in the meat industry, should be eliminated as much as possible so as to ensure an increase in its production. A modernization of the enterprises of this sector must be implemented, refrigeration facilities must be increased significantly and low-waste and waste-free technologies for processing the raw foodstuffs must be incorporated more widely. The creation of small meat-processing enterprises on the kolkhozes themselves or on an inter-kolkhoz cooperative basis may make some sense.

The enterprises of the food industry will have to assimilate the production of new types of output with markedly improved nourishment and taste qualities and with a high degree of readiness for consumption. Steadfast attention will have to be devoted to the ecological cleanliness of food products, their caloric content and the content of substances essential to the organism in them. The assortment of foodstuffs, I feel, should correspond to the age and nationality patterns of the population.

But the production of such products does not depend on the technical sophistication of the sectors and technology alone—it is also determined to a considerable extent by the quality of agricultural output, which must be seriously raised. All means for achieving this aim are good ones: improving technology, perfecting material incentives for agricultural workers, establishing well thought-out prices for the agricultural output being procured. It must be understood in any case that increases in production volume alone cannot solve the problem of an efficient food supply for the population.

If we are to talk about gross indicators nonetheless, they are, in the opinion of our scholars, these: the production of grain will almost double by 2005 compared to 1985, meat production will be up by 30 percent and milk production by 40 percent. One must not forget, however, that this is possible only based on the utmost intensification of cultivation and animal husbandry, increases in milk yields and a considerable rise in the yields of grain and other agricultural crops.

A serious problem hindering the efficient utilization of assets in agriculture is their considerable obsolescence, connected with the fact that the allotted amounts of capital investment, as well as the new equipment and technology, do not cover the depreciation losses. The situation is also aggravated by the fact that established procurement prices

will not permit the agricultural enterprises to achieve an efficient 30-percent profitability norm with the conversion to full economic accountability. The current profitability of agricultural production in the republic (21 percent) is not able to provide for its expansion. Certain types of output—those such as potatoes, grain and sugar beets among others—are sold at a loss. In order to provide capital investment funds for the farms, it is necessary either to raise procurement prices or allocate part of these funds in the form of subsidies from the state budget; that is how, for example, land reclamation and the construction of roads and other facilities of the social infrastructure—kindergartens, schools, clinics, culture halls and stores—could be developed.

The losses of agricultural output that occur by reason of the unsuitability of the equipment under field conditions are still too considerable. The grain losses total 30-50 percent in direct combine harvesting on fields with hilly topography and increased moisture content, which evokes among farm workers entirely understandable doubts regarding the expediency of using combines and orients them toward the static processing of grains. The necessity of developing inherent or zonal agricultural machine building in the republic, retrofitting some of the existing enterprises in Latvia for that purpose, has evidently become urgent in that regard.

Agriculture has suffered seriously in recent years from shortages of building materials as well. It would be expedient to increase production capacity at the producing industries, as well as to develop the production of building materials on the farms more actively, in order to solve this problem. It is difficult to imagine the successful development of the construction of housing and facilities of the social infrastructure without this.

Soil fertility has grown worse over the last 20 years in many fields, especially those that are far from the farms, as a result of declines in the humus content associated with a shortage of organic fertilizers. It would be sensible, taking this into account, to make more active work on increasing the quantity of organic fertilizer brought out to the fields on every farm, including the production of spropel and peat and the use of manure, straw, domestic waste and a system for the utilization of cereal grasses and other measures. This is all the more important as reserves of spropel and silt in the lakes of the republic, for example, today total over 2.5 billion cubic meters. It is very important to resolve economic issues in the production and sale of organics, setting well-founded prices able to create an interest in the ultimate product.

The primarily administrative methods of managing agriculture remain a serious drag on its development as before. The executives of agricultural enterprises must strive to achieve many unnecessary indicators that are



established from above. In order to accelerate the conversion of the town to genuinely economic and economically accountable relations, the projected transformation of some sovkhoses into kolkhozes must obviously be supported in every way. It seems that it would be expedient in certain circumstances even to create cooperatives on the basis of agricultural enterprises, which would allow them to satisfy market demand for certain types of products without interference from administrative bodies and managing without state subsidies therein. The advantages of the international division of labor and the organization of collaboration with foreign firms on those principles could moreover be utilized more efficiently on a cooperative basis.

The further development of agricultural production is closely tied to the worsening ecological problems. The incompetent application of mineral fertilizers often inflicts great harm on the environment, worsens the soil structure and pollutes reservoirs. Agricultural enterprises will have to convert to the utilization of granular fertilizers and cease their application to the soil using aircraft and the working of fields with toxic chemicals in order to improve the ecological situation in the republic. It would moreover be expedient to build special storage areas for storing fertilizers and toxic chemicals and carry out the careful utilization of the liquid fractions of by-products of animal-husbandry farms, from the discharges of which the small rivers and reservoirs suffer first and foremost, on all the farms of Latvia.

The problem of water pollution by industrial and municipal effluents is very acute in the republic overall. It is understandable that is has not taken shape over just a year, the situation has been aggravated over the course of decades, and no small amount of time and money will be required in order to resolve it. There is probably only one way here—the construction of treatment facilities with a total capacity of over a million cubic meters a day.

The groundwater in the republic that serves as the source of drinking water is also being polluted. This is happening due to the improper placement of dumps and the irresponsible throwing about (there is no other word for it) of solid production waste in territories adjoining the cities. The construction of waste-treatment plants in Riga, Daugavpils and Liyepaye and ecological discipline on the part of enterprise managers, as well as the more widespread incorporation of waste-free technologies into industrial production and increases in the capabilities for utilizing production waste, it seems, could help in solving the problem.

Another difficult aspect of ecological problems is connected with the pollution of the atmosphere. Only a third of the fixed sources of emissions of harmful substances are equipped with gas-dust removal installations in the republic today. The level of air pollution is very high in Riga, Ventspils, Daugavpils and Liyepaye.

What must be done to revive the atmosphere? At our institute we feel that some enterprises must be closed, and dust-gas removers installed and municipal boilers converted to gas at others. As for reducing the gas pollution of the air from automobile engines, there are still no serious plans here. There are only individual considerations—it is being proposed, for example, not to cut the grass along the main roads, not to graze livestock closer than 100 meters from the highways and not to have garden plots there.

Neutralizers are needed to reduce the danger of gas pollution in the city air. Their output for the needs of the republic is envisaged at the Sarkana Zvaygzne Plant. It is also necessary to stimulate the development of electric public transport in every way possible.

A person's housing is a definite form of his living environment. The solution of the housing problem in the republic is complicated by the fact that its depreciation here is twice that of the average nationwide level. About a quarter of a million residents of the republic were living in decrepit or emergency housing in 1986, about another 50,000 families in communal housing and over a hundred thousand people in dormitories. A great deal of funding will be required in this regard for the reconstruction of housing, and a doubling in practice of the annual construction of housing space is essential with the standard of their amenities raised. An increase in cooperative and individual construction will be a significant help in resolving these tasks.

The availability and utilization of free time is an important means of raising the standard and quality of living. Research on the time budgets of the population of small cities conducted by the Economics Institute of the LaSSR Academy of Sciences has shown that during the period from the beginning of the 1970s to the middle of the 1980s, the amount of work time declined for their inhabitants, as did the time spent on household matters. But they had to spend much more time on the way to the workplace and for shopping. It was not only the territorial growth of the cities that is to blame for the increase in commuting time, as it could seem at first glance, but also the fact that how far the new residents work from home is not taken into account in the distribution of housing. It seems that this factor must simply be taken into account in further providing the population with housing, since after all, the shorter the distance from home to work, the more free time the individual has and, that means, the more opportunities for the all-round development of the individual, the less "travel" tiredness he has.

As for the time spent on shopping, it could also be reduced to the extent of the saturation of the market with goods. It must be noted, however, that a considerable increase in retail space, especially in the towns, and its higher technical sophistication and a marked reduction in the manual labor of trade workers are also essential for



this. Retail sales from 1985 through 2005, according to our forecasts, will double, and the floorspace of stores will increase by one and a half times.

The system of consumer services offered to the public will also play no small role in satisfying the needs of the person. Their volume is projected to triple over the next 20 years. The achievement of a standard level of disposition of the network of productive outlets for consumer services is projected in the next decade, which will allow a marked rise in the level of consumer services in the towns, bringing them to the level of urban services. New types of services will be developed, and cooperatives will clearly make their contribution to this process as well.

Research on the free time of the population has moreover shown that there are fewer and fewer advocates of active recreation among the residents of Latvia, and that the amount of time we spend in front of the television has grown. One reason for this trend is the lack of a sufficiently developed sports base and propagation of a healthy way of life. It is obvious that the enterprises of the republic should take part much more actively in the construction of sports facilities. It is also necessary to make the development of the system of paid cooperative services of a sports-health and tourist type more active.

An orientation toward the end result—increasing the life span of the person and especially the period of his active working life—is now taking place in public health care. Whereas today the average life span in Latvia is 71 years, by the year 2005 this indicator, according to our calculations, should be equal to 75 years, and the gap between the average life spans of men and women should narrow considerably. The foundation of the low growth dynamic of the population of the republic is the low birth rate, which will inevitably lead to an insignificant growth in the amount of people of working age. This is forcing us to have a more attentive attitude toward the utilization of labor resources and their distribution by sectors of the national economy. An absolute freeing up of those employed in material production (basically in industry) on the scale of 1-1.3 percent will clearly have to be carried out over the planned period, which will create good prerequisites for a rise in employment in the spheres of services, culture, education and health care.

A balance of jobs and available labor resources is the foundation of the further economic development of the republic. An expansion of production should take place against a background of rapid growth in labor productivity. We have estimated that it is entirely possible to cut in half the amount of manual labor in the national economy of Latvia. It is necessary to accelerate the renewal of fixed capital and strengthen the incorporation of the achievements of science in the coming decade. The average obsolescence of machinery and equipment in the industry of the republic is over 50 percent today, and almost 40 percent of it has been in operation for

over 10 years. A rise in the obsolete-equipment withdrawal factor in industry will make it possible to bring the actual service life of the assets closer to the standard one in the future.

Under conditions of the more widespread incorporation of the achievements of scientific and technical progress and with a monitoring of the utilization of work time and the observance of limits on the number of workers, it is entirely possible to create in the republic such an economic situation where the necessity of attracting manpower from outside its boundaries disappears. Since the influx of workers into the republic proceeds unsystematically by sectors, it will evidently be necessary to carry out a re-orientation of the generation entering the workforce with a regard for the manpower requirements of construction, light industry and services sphere.

And there is another important aspect. The development of the productive forces of the republic is proceeding principally on the basis of electric power produced outside of Latvia. Energy-conserving types of production should of course be developed and existing technology improved from the point of view of economizing electricity, but the necessity of seeking ways of increasing its production will inevitably arise before the economy of the republic at the threshold of the 21st century. It would thus be expedient to concentrate the best scientific and engineering manpower in this main area even today.

Such is the forecast of some of the important aspects of the socio-economic development of Latvia to the year 2005 that has been developed at our institute. But it remains just a forecast. We should work well and establish the priorities and sequence of the resolution of the tasks posed in order to realize the ideas implicit in it. After all, it is impossible to restructure all at once, and the more efficient the labor, the more national income and gross social product created, the faster we will be able to solve the acute socio-economic problems of the republic.

The resolution of all the tasks cited above will be accomplished under the conditions of republic and territorial economic accountability. Today the development of the concepts of economic accountability for the republic and separately administered territories is underway. They have much in common, but there are differences as well in that republic economic accountability is a part of republic sovereignty, while territorial does not possess that feature and is correspondingly more limited in its autonomy. If we are speaking of commonality, it must be noted that a typical feature of both concepts is the development of the social infrastructure on the basis of the income of active enterprises. The provision of housing, the development of health care, education, the improvement of the material base of culture and the amount of its financing and the maintenance of the environment in a state normal for the vital activity of the person should all be provided with financial resources on the basis of the taxation of enterprises active in the



republic, city or rayon. The possibility of acquiring the essential material resources for these funds through wholesale trade should also be considered, in our opinion, an indispensable condition of efficient territorial economic accountability.

Territorial economic accountability at the rayon and city levels is accomplished by the local soviets of people's deputies, while it is organized by the government of the republic at the republic level. Under the conditions of the economic independence of enterprises and the development of cooperatives in the production sphere, it should regulate their activity in such a way that a correspondence of jobs and available labor resources be observed on the territory and that the ecological situation in the republic not be worsened. The government of the republic will regulate the pattern of consumer goods produced through a system of state orders that reflects first and foremost the requirements of the local population and the creation of a balance between money and goods and services. The Council of Ministers and the local soviets should have the right to distribute goods on territory subordinate to them among the centralized and local markets.

The government of the republic must also be given the right where necessary to open new enterprises for the output of consumer goods both at the expense of the republic budget and via incentives for their creation on the basis of a joint-stock society, as well as through mobilizing the financial reserves of other industrial enterprises and the population.

A norm for depreciation deductions for the operation of the housing stock and service networks should be established for economic accountability at the city level, in our opinion, and, determining the financial requirements of municipal services on that basis, the state budget formulated.

The organization of republic and territorial economic accountability should be done in stages—this will make it possible to avoid disrupting the existing system of management of the national economy and made the transition from too-centralized methods of management to more democratic ones less painful.

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**Reader Questions Distribution of Profit Payments**  
18200281 Alma-Ata KAZAKHSTANSKAYA PRAVDA  
in Russian 1 Mar 89 p 1

[Article by A. Tompayev, metalworking brigade leader; deputy chairman, STK NPO "Dzhezkazgantsvetmet"; honorary USSR metallurgist: "What is the Current Cost of Copper? Affirm Social Justice. A Worker's View"]

[Text] I recently read in KAZAKHSTANSKAYA PRAVDA that enterprises belonging to union ministries contribute only 30 million rubles a year to the republic

budget. How can this be? After all, our "Dzhezkazgantsvetmet" association alone earns three times as much profit. Where does it go if, despite such income, we never have enough money even for top-priority social needs?

It must be said that our enterprise is considered to be one of the best in the oblast in terms of economic indicators. Last year, for example, we realized approximately 20 million rubles in above-plan profits alone while operating according to the second model of economic accountability. Naturally we realize that not all this belongs to us: we must make payments to the budget, for fixed capital, for credit. We paid 17 million rubles to the union budget alone. But we also paid exactly the same sum to the USSR Ministry of Nonferrous Metallurgy. In general, the funds that are left at our disposal do not even suffice for the metalworkers' consumer services combine. This is now the second decade that we have been unable to complete construction of a medical and sanitation unit even though the difficult working conditions of miners, concentration plant personnel, and metalworkers are well known.

Where shall the money come from? Economize, you say. Economize what? Our internal reserves are stretched to the limit. Technology is normed strictly and in detail. But if you look in greater depth and breadth, you can see other reserves outside our association. Here are examples. We supply large quantities of copper to the "Sredazkabel" Plant in Tashkent. And here its price rises dramatically: the cost of thin wire drawn by automatic machines is 12,000 rubles a ton; we sell copper for 1,115 rubles. So it is that the price of our product grows 11-fold instantaneously! But is it possible to compare the cost of mining and enriching ore with automated rolled metal production where even the size of the work force is many times smaller?

The situation is the same with copper concentrate, lead raw materials and the raw materials of rare metals. We sell all of them for a low price, but other enterprises receive the profits in the final stages of processing. Without denigrating the services of our *smezhniki* [factories producing parts for use by another] in the least, I want to emphasize the social injustice of such discord. I am convinced that the prices of raw materials and metals need to be balanced and analyzed in accordance with the labor inputs.

In my view, the present system of income distribution needs to be corrected. If we take the existing division of labor, we must also remember the price of copper. It is much more expensive in the world market than in the internal market. Are we to blame for this? We give millions of dollars to the state every year, but do not receive a single cent back. We, too, have a need for foreign currency. If we were allowed to sell our above-plan metal ourselves, we would considerably unburden the local budget from social expenditures on the miners'



needs. And there would be sufficient material incentive to increase the production of metal from poor ores and tailings, i. e., from raw materials that are normally discarded.

We working people in the "Dzhezkazgantsvetmet" NPO feel the cost of discrepancies in the prices on industrial products hourly. They must be revised without fail! This incidentally will encourage the thrifty use of the minerals that are still remaining in the ground and will prolong the exploitation life of the unique Dzhezkazgan fields.

## INTRODUCTION OF NEW TECHNOLOGY

### Making the Economy Receptive to Technological Progress

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[Article by V. Faltsman, doctor of economic sciences and professor: "Receptivity of the Economy to Scientific-Technical Progress"]

[Text] As scientific-technical progress becomes a most important factor in economic growth and a source of the material well-being of the society, the task of establishing an economic mechanism that strengthens the economy's receptivity to innovations is becoming more and more urgent. This mechanism must encourage enterprises to utilize scientific-technical achievements and contribute to their dissemination in the national economy.

In our view, the following problems are worthy of priority attention:

—the justification of the rational relationship between independence and centralism in the management of scientific-technical progress; between its centralized planning, the theoretical advantages of which have not yet been fully realized, and self-development on the basis of competitiveness in the consumer market;

—the analysis of conflicts in the interaction of productive forces and production relations limiting the spread of progressive procedures and technology and the development of measures to eliminate these conflicts and limitations;

—the establishment of additional motives for the spread of scientific-technical achievements by restoring the link between social and economic objectives and results, on the one hand, and scientific-technical progress as their most important source and generator on the other.

### The Possibilities of the Center and the Functions of the Enterprise

The state system for management of scientific-technical progress, a system based on the centralized planning mechanism for the directive introduction of innovations, was formed in the country by the mid-1960's. Its core was the planning targets for new equipment and the awarding of bonuses for their fulfillment, which are autonomous from the plans and stimulation of the main work of the enterprise. Specific scientific-technical programs became part of this system somewhat later.

The main role in this system was assigned to the centralized management of the quality of output on the basis of standardization, state certification, price setting and subsequently state acceptance. Standardization and certification are called upon to evaluate through experts the conformity of products to the requirements of the domestic and international markets as well as to the best world and domestic analogues. In accordance with the results of certification, prices are marked up or reduced for quality of output. Price reductions gradually increase in time, which should stimulate the acceleration of the renewal of obsolete items. State acceptance is supposed to help in the production of output without defects, in its conformity to existing standards, and, in the final analysis, in closing the way to substandard products.

Although it had a positive effect on the dissemination of the achievements of science and technology in the national economy, the centralized-planning system of management could not ensure an adequately high level of its receptivity to scientific-technical progress. The input economic mechanism restrained the establishment of resource-saving basic technologies. Quality began to suffer and this was especially noticeable for consumer goods and output in machine building. The country's backwardness in the application of electronics and computer technology became dangerous in scope at the same time that the production of the means of flexible automation (robots, machine tools with numerical program control, etc.) was being forced without considering the conditions for their efficient utilization. As a result, a radical economic reform of the management of scientific-technical progress has become necessary.

The general direction of economic reform is a significant increase in the role of commodity-money relationships in the management of economic processes. With the development of wholesale trade in the means of production, the existing system for the autonomous management of scientific-technical progress must be replaced by a new mechanism for the self-dissemination of innovations that is based on economic competitiveness and competition. And it is very important to establish a rational relationship between centralized and decentralized methods for managing scientific-technical progress, state planning, the indirect regulation of its introduction,



and the self-dissemination of innovations. It is determined by the specific nature of branches and production systems, by the peculiarities of technologies and new equipment and by the state of wholesale trade in the means of production.

The possibilities for a centralized influence on the dissemination of the achievements of science and technology are greatest in one-product branches and mass production systems producing standard output with a limited number of quality parameters (electric power, cast iron, coal, motor vehicles and others). The number of technological procedures in their production is usually not large. In a number of cases here, the centralized mechanism for directly influencing scientific-technical progress made it possible to reach the most advanced frontiers (e.g. in the use of fuel for the production of 1 kilowatt-hour of electric power and in the utilization of the useful volume of blast furnaces). Thus, the predominant product in the power industry is electric power, which essentially has a single indicator of quality (frequency of current). This indicator is subject to centralized measurement and calculation just as easily as the volumes of production of electric power. The latter is worked out with the help of a limited set of standard basic technologies and units of different capacity. Hence the possibility of establishing technologically well-founded standards for fuel use per unit of electric power and consequently the centralized regulation of production costs. The branch enterprises are not very interested in increasing production outlays, for this does not lead to a higher price for electric power, at least not before their next general state review.

In the branches for series and especially individual production, with a huge products list and a multiplicity of parameters for quality and conditions for utilization of those products (light industry and a large number of machine building branches, for example), there are minimal possibilities for a centralized influence on the introduction of the achievements of scientific-technical progress. Here only the consumer can assess quality and that only when there is a choice of suppliers and not always infallibly. In addition, the objectivity of the state certification system, its normalization and standardization are apparently unattainable.

Series and individual production systems are based on a huge diversity of technologies, which complicates the scientific validity of the standards for the expenditures of physical resources and outlays of the enterprise, especially at the branch level. This makes it possible to increase expenditures and subsequently to raise prices for output in the process of its renewal, which is taking place more actively in the group of branches with many products than in those with one product. Along with a direct increase in prices in the branches of this group, it becomes possible to achieve high rates of growth in output in value terms, profit, and all production indicators of efficiency as a result of changes in the products list and the reduction of the share of the output of their relatively inexpensive forms.

The relatively low stability of economic ties that is inherent in branches with a large products list creates the preconditions for such an undesirable development of the enterprise. Under the conditions of shortages and in the process of the consumer's extremely difficult search for suppliers of the new products, this makes real the dictates of the producer in the area of the quality of output, technologies for its production, costs and prices.

The possibilities for the centralized management of scientific-technical progress are reduced due to the fact that enterprises of the multibranch-combine type are predominant in the branches. And this means that up to 40 percent of the production capacities in machine building are in the enterprises of other branches.

Machine building (primarily series, small-series and individual) represents a classical example of production in which a centralized influence on receptivity for scientific-technical progress is ineffective. It is characterized by: an abundance of parameters for the quality of output complicating its comparison and certification; a large products list; a diversity of technologies, which reaches several dozen even at a single enterprise; and complex product and technological cooperation. In this connection in machine building, on the one hand, there are the greatest difficulties for the direct planned management of the introduction of new equipment, progressive products and resource-saving technologies and, on the other hand, the preconditions arose for input management, an increase in production costs and higher prices, making possible the successful resolution of problems in the development of cost accounting without resorting to the resource of scientific-technical progress.

The defects of the weak link between the management of scientific-technical progress and the final economic results of the work of the enterprise, in particular the substitution of the evaluation of the quality of products by consumers through state certification, were fully reflected in machine building. The pressure of the plan on the indicators of scientific-technical progress in the branch merely distorts the statistics, doing little to accelerate real innovative processes.

To raise the quality of machine building output in the current five-year plan, for example, two indicators—the share of products in the highest quality category and an indicator of their renewal—were included for the first time in the plan for new technology. In 1986-1987, this share increased to 49 percent for the most important products of machine building and the relative share of products assimilated for the first time increased from 3 to 9 percent. Is such a jump realistic if the number of machine models built declines for many years and turned out to be fewer in 1987 than in 1985? Is such a high indicator of quality attainable under conditions in which in the studies of machine building research institutes and design bureaus the share of models surpassing existing analogous models is only 7 percent? How can a high self-evaluation of quality be correlated with the



increasing pursuit of imported equipment and the insignificant relative share of the sale of Soviet equipment in capitalist markets? The answer to such questions should be sought in the distortion of these indicators caused by the increasing planning pressure on them. The distortion of statistical data merely gives rise to illusions of accelerated scientific-technical progress.

In this way, the centralized planned management of scientific-technical progress turned out to be insufficiently effective for branches and production systems with a large products list, whose output is included in the final product of the national economy. The enterprises of these branches need additional convincing reasons, the hopes for whose appearance are now linked with radical economic reform. At the same time, there is a large group of branches and production systems where the possibilities for a centralized planning influence on the introduction of innovations are far from exhausted. Methods for the centralized management of scientific-technical progress may predominate here. The role of the state in the dissemination of innovations must decline from the mass production of single products to the series multiple-product production of its type and, in industry, from raw materials branches and branches for the initial processing of raw materials to the production of complex products with extensive diversity of quality and conditions of further utilization.

The rational relationship between centralization and decentralization in the management of scientific-technical progress also depends upon the specific nature of the innovations being disseminated. Thus, progressive basic technologies can be introduced primarily in a decentralized manner on the basis of self-financing. True, for this purpose the prices for raw and other materials must be brought into line with the requirements of scientific-technical progress and such work is now being done. In those cases in which the reform of wholesale prices could not resolve the problem of the cost-accounting utility of resource saving, it is necessary to provide for subsidies from centralized sources.

In contrast to this, the establishment and broad application of new interbranch technologies and fundamentally new generations of equipment, especially in the area of electronics and computer science, require a concentration of means that may exceed the possibilities of individual enterprises and associations and sometimes individual branches. Here the centralized financing of large-scale programs and projects and systems to guarantee the risks of the user is unavoidable; national measures are needed to eliminate the negative consequences of scientific-technical progress. Large-scale scientific-technical measures in the area of ecology, public health and education must be financed from the state budget.

The transition to a qualitatively new relationship between centralism and decentralism in the management of scientific-technical progress does not suggest the

immediate elimination of existing methods for its planning. The renewal of the operative system for planning the introduction of new equipment must take place in proportion to the establishment of a consumer market for the means of production accompanied by the abolishment of the centralized formation of stocks in distribution relations and the transition to wholesale trade and the democratization of price setting. It is inadmissible either to delay or to force these measures unjustifiably. But the underestimation of the state regulation of prices under the conditions of monopolization and shortages will lead to the vigorous development of inflation and physical distortions.

Meanwhile, the elimination of the monopolistic position of the producer requires significant resources and time. In particular, state measures to limit such phenomena and to develop economic competitiveness among supply enterprises on the basis of scientific-technical progress may include: the rational breaking down of enterprises to counteract excessive concentration that does not bring about a substantial reduction of costs but is accompanied by the effect of the monopolistic position of the supplier; the establishment of the preconditions for the expansion of the products list rather than the original subject specialization and the conditions for the transfer of capital investments between products and the mobile migration of workers from one area of work to another; promotion of the rapid formation of new small and medium-size enterprises, including cooperative and joint enterprises with foreign firms; and the purchase of competing commodities in world markets for the purpose of economic influence on quality, price and renewability of the analogous output of domestic production.

The results of economic reform are largely determined by the interrelationships of the enterprise with state management authorities—national economic, branch, local and functional. At the same time, the demands in the acceleration of scientific-technical progress on planning, financing, price setting, the remuneration of labor and other directions of the interaction of the enterprise with state authorities are so high that it now appears probable to speak of an adequately lengthy adjustment of the economic mechanism and its restructuring to utilize the resource of scientific-technical progress.

In the first stage of the reform, it is hardly advisable to strive for unification of management methods or for stability of economic standards and their uniformity for different branches. This is proper only for a well-adjusted economic mechanism. In the transition period, there will inevitably be a diversity of management methods and their struggle for survival, variation and differentiation on economic standards, and practical games between state authorities and enterprises, the most important objective of which is the achievement of the highest receptivity to scientific-technical progress and, on this basis, rapid growth of production efficiency.



The development of the principle of decentralization in the management of scientific-technical progress requires an immediate and sharp reduction of the flow of administrative decisions from the top level of management. Thus, the expansion of the self-financing of measures for new equipment is being checked by the decisions of central authorities made in different years with respect to the financing of above-limit construction projects. In civilian machine building alone, there are almost a thousand such decisions in effect that tie up as much as 80 percent of capital investments for an entire 5-year period in advance.

### How to Accelerate Scientific-Technical Progress

The economy is by no means indifferent to innovations. Frequently it actively resists them. The reasons are found in the conflicts in the interaction of productive forces and production relations. Let us examine three conflicts: between quantitative and qualitative orientations for economic growth; between physical and value (more accurately, price) indicators of development; and between the resource-saving direction of scientific-technical progress and the input nature of the economic mechanism in effect.

The new economic mechanism is called upon to eliminate the conflict between quantitative and qualitative economic growth and to remove those limitations that the pressure of planning indicators for the volumes of production imposes on the dissemination of innovations. A fundamental transformation of the material and technical base of the society on the basis of scientific-technical progress is incompatible with a simultaneous increase in the volumes of the production of output. In the planning area, therefore, the initial requirement on the new economic mechanism is the renunciation of overstrained plans and the elimination of the pressure on the enterprise from volume physical and especially value indicators. Meanwhile, the first steps of reform not only did not reduce the planning pressure on the increase in volume value indicators but even increased it, especially for profit (income). It deprives the enterprise of reserve capacities, time and resources necessary for the assimilation and dissemination of technical innovations. Under these conditions, the labor collective has no possibility of reducing the amount of production of output for the purpose of subsequently improving its quality and reducing the price.

A rational relationship between quantitative and qualitative production indicators cannot be determined and prescribed for the enterprise from above. For this reason, the removal of the unjustified pressure on the amount and rate of growth primarily means granting the enterprise independence in the elaboration and confirmation of production plans. But such a right can be realized only in the event that the state order is issued on a competitive basis.

The independence of the enterprises will temporarily lead, of course, to a reduction of the amount of production. At the same time, however, their funds and wages must be reduced proportionally. In such a situation, a reduction of this kind would not represent a danger. If it were carried out within reasonable limits, on the other hand, it would be an extremely important prerequisite for the normalization of the economy. Above all it would create the conditions for the restoration of physical balance not on the plane of shortages but taking into account the reserves necessary for improvement of the receptivity of production to scientific-technical progress, compensation for the nonfulfillment of plans for the introduction and assimilation of capacities, performance of the basic work and for a number of other unforeseen obligations. The preconditions would arise for eliminating the shortage of mass types of output, raw materials and other materials. Possibilities would open up for the technical reconstruction of branches and the renewal of fixed capital, for the acceleration of the dissemination of resource-saving technologies, and for the elimination of jobs lacking social prestige. Such an acceleration of the renewability of the output of machine building and other processing branches would become realistic and this would lead to a radical increase in its quality and not merely to higher prices. Conditions would arise in production for the elimination of unevenness that leads not only to defects but also to social tension and conflicts in the labor collective.

The priority acceleration of the development of resource-saving innovations will make it possible to reduce not only the rate of growth of the production of physical resources but in a number of cases the absolute amount of the extraction of mineral raw materials as well. Accordingly, there will be a change in the load on metallurgy and the chemical industry. Inasmuch as the raw materials sector of the economy is the most capital-intensive, it becomes possible to diminish the load on the investment complex for bringing construction capacities in line with the planned sphere of construction work and scope of capital investments. The result of this may be a reduction of the duration of construction by a factor of three or four. There will be a reduced load on machine building, in particular through the absolute reduction of the production of tractors, combines, and mining, quarrying and some other of equipment. In this way, the renunciation of the artificial forcing of high rates of growth not only opens up possibilities for the acceleration of scientific-technical progress but also, in turn, will be a result of this acceleration.

The growing gap between the dynamics of physical and value indicators can be seen best in the example of machine building: its commodity output is growing at an extremely rapid rate, at the same time that the output of equipment in units of productivity is not only not increasing but is even declining in absolute terms. Accordingly, the economic rates of the national economy are under the influence of the increase in prices and



turnover tax and reflect the influence of the increase in reserves and incomplete construction, reducing their natural ability to be filled.

The result is a restraining of the dissemination of innovations and renewability of output and fixed capital, because equipment becomes more rather than less expensive. New equipment usually costs several times more than analogous substitutes. There is a lack of appropriate resource provision of the technical reconstruction of enterprises: the existence of financial means does not, as a rule, guarantee the possibility of acquiring the implements of labor.

For this reason, the restoration of commodity-monetary balance in the investment sphere is a necessary prerequisite for raising the receptivity of production to scientific-technical progress. Financial balance can be achieved through the normalization of investment activity and the amount and rate of growth of capital investments and through the implementation of measures aimed at limiting inflationary processes.

Technical policy must be organized taking into account the inadmissibility of the self-dissemination of inflationary processes arising in the event that a one-time impulse of higher prices evokes a snowballing increase in prices. Raw materials, for example, become more expensive under the influence of the nature factor. If it is not possible through scientific-technical progress to lower the standard expenditure of raw materials and prices for machinery are permitted to rise, then the latter, when they reach the extractive branches, will again evoke higher prices for raw materials, which will reach the processing branches and lead to a secondary price rise for machinery. And so on repeatedly. The process of lowering the purchasing power of the ruble will take place spontaneously in a closed economic profile that does not require additional impulses from outside. To block it, it may be necessary to have centralized funds for financing specific measures of scientific-technical progress that lower the specific consumption of a resource that is becoming more expensive.

It is necessary to strengthen state control over prices, bearing in mind the further gradual transfer of this function to the consumer as the market is established. In this connection, it is expedient to strengthen the anti-expenditure role of ceiling and wholesale prices for new equipment and to reflect in it the actual effect more fully. It is important to eliminate the unprofitableness of enterprises not through the unjustified raising of prices for their output but as a result of the technical reconstruction of technically backward production systems. The stimulating role of price setting must be manifested not so much in surcharges for quality as in discounts because of its low level.

One of the specific manifestations of the sharpest conflicts between productive forces and production relations is the conflict between the resource-saving nature

of scientific-technical progress and the wasteful-expenditure economic mechanism. As a result of this, resource-saving technologies and high-quality and relatively inexpensive products are disadvantageous not only to the supplier but to the consumer as well. But if all participants in the production process are interested in increased outlays, then any efficient innovation that lowers them can be introduced only by coercion.

To resolve this conflict, it is necessary to shift to an anti-expenditure economic mechanism based on true cost accounting and commensurability of expenditures and results at all levels of the national economy, especially in the basic link. We note that the most important condition for the transition to a new economic mechanism is the elimination of the shortage of traditional output (a temporary shortage of new products is inevitable and is the driving motive of scientific-technical progress).

To eliminate high expenditures and shortages, it is necessary, in addition to the implementation of economic reform, to eradicate high expenditures coded into designs, projects, technologies, the equipment park, fixed capital, the educational potential and the production experience of the individual. For this reason, the elimination of the conflict between the input economic mechanism and the resource-saving nature of scientific-technical progress presupposes not only a radical reform of production relations but also the fundamental transformation of productive forces.

To raise the receptivity of the economy to scientific-technical progress, it is not enough to remove the obstacles in the way of the dissemination of innovations. This is indicated, for example, by the fact that the reduction of the overstraining of the volume indicators of production and utilization of capacities that took place in the 1970's not only did not accelerate the technical reequipping of branches but even slowed the renewal of fixed capital and output. Therefore, to raise the receptivity of production to scientific-technical progress, it is necessary not only to eliminate the anti-innovation elements in the economic mechanism (condition of necessity) but also to establish additional reasons for the application of scientific-technical achievements (condition of sufficiency).

#### **Social and Scientific-Technical Objectives of Development: Counteraction or Interdependence**

The social and scientific-technical objectives of the development of production compete with each other in the distribution of the means and resources needed for their realization. In its most general form, the conflict between them appears as a conflict between current and postponed demand. It becomes especially acute under the conditions in which the means for raising the efficiency of production through scientific-technical progress were socialized and depersonalized, at the same time that the improvement of the well-being of the



members of the labor collective (in the form of payment for labor, the receipt of departmental housing and other social goods) took place primarily through state financing. This discrepancy in distribution was increased by making scientific-technical objectives autonomous and through the planning of scientific-technical progress. In such a situation in the management of production, there is a predominance of technocracy and a separation of social and economic progress from scientific-technical progress, with the latter being primary.

But the social orientation of development and the transformation of the social and consumer sector of the economy from a residual to a priority area of financing does not resolve this conflict but exacerbates it. The danger arises of the dependence of scientific-technical development upon the residual allocation of resources, which can lead the national economy to severe consequences.

To achieve a rational proportion in the distribution of means between the social and scientific-technical objectives of development, it is necessary to ensure their interdependence in the basic link of the national economy. The interdependence is based on the cost-accounting balance relationship; under this relationship, all social goods of the labor collective (other than some guaranteed minimum) are directly proportional to the income of the enterprise, which, in turn, must depend to a decisive degree upon the dissemination of the achievements of scientific-technical progress. Under these conditions, the scientific and technical objectives are transformed from autonomous and equal objectives with respect to social aims of development to objectives that are subordinate to and serve the latter.

The conflicts and discrepancies between the social and scientific-technical objectives of development can be removed only with the elimination of imperfection in distribution relations. Among the reasons that reduce the dependence of the increase in the well-being of the collective upon the utilization of the achievements of scientific-technical progress are, for example, the significant relative share of social consumption funds, unpaid services or services with token payment. Social indifference not only to own income but also to the income of the enterprise (and therefore to scientific-technical progress as its potential source) also arises in the collective when there is no possibility of realizing it in the form of needed commodity stocks. Contributing to this is the significant relative share of supplementary wages, secondary sources of income and nonequivalent exchange between enterprises and the possibility of their obtaining superprofit.

The interest of the enterprise in an innovative resource depends upon how its price and availability relate to other forms of resources that scientific-technical progress is called upon to replace in production. Thus, the free nature of land, mineral deposits and labor resources and the lack of scientifically well-founded

prices for fuel and energy diminish the interest in innovations that provide for their saving. On the other hand, low prices for studies, designs and projects as a result of the low level of payment for scientific and engineering labor help in the dissemination of innovations but hinder their creation.

High receptivity of the economy to scientific-technical progress is not feasible as long as there are large losses from poor management, the elimination of which will permit the receipt of supplemental profit with minimal expenditures and without resorting to scientific-technical achievements. In comparison with the elimination of these losses, any scientific-technical measure is usually insufficiently effective. It should be considered that the unquestionable advantages of scientific-technical progress over other types of resources (reproducibility, general replaceability and apparent availability) are really linked with great difficulties in practical application: with risk, with a temporary loss of production volume, with the necessity of raising the technological standards of production and the educational level of personnel, and with the reorganization of management structures.

Until all of these conflicts are resolved, there will inevitably be a lack of harmony between expenditures for social purposes and for new equipment: the enterprise is interested in increasing investments in the first of these directions and in so doing is prepared to reduce expenditures for new equipment as well as the scope of the dissemination of innovations. Even with progressive taxation of the means of consumption, it utilizes money remaining at its disposal to raise wages and to resolve other social tasks but not to finance scientific-technical progress.

Consequently, the state is forced to limit the independence of the enterprise in the distribution of its earned resources among the production development, social development and wage funds. In so doing, the saving of the resources in the fund for the development of production, science and technology—even if it is achieved through the better utilization of these resources—cannot be used to increase wages or for the social development of the collective.

Such a "nonconvertibility" of the earned ruble between the directions of its expenditure, being a necessary condition for the defense of the long-term development aims of the enterprise against the excessive pressure of current objectives, undermines interest in the fullest possible utilization of new equipment. Why, for example, should a labor collective under these conditions increase the interchangeability of the work of the implements of labor and seek to reduce the equipment pool, if this creates additional difficulties and does not permit the resolution of social problems? In the accumulation of adequate resources at the enterprise for its development, there is a significant lowering of demands on the supplier of new equipment and on its price and quality.



In our view, therefore, the model that has now been adopted for the functioning of the state enterprise, in which the distribution of its income among funds is regulated by standards, should be viewed as a temporary model typical of a transition period of economic reform. With the development of the reform and the elimination of the conflicts between the utilization of the achievements of scientific-technical progress and their social and economic consequences, it is essential to shift to a model in which the distribution of the enterprise's earned resources in different directions is accomplished by its labor collective. At the present time, such a model has been adopted for cooperative enterprises.

In the course of the reform, the economic mechanism for the functioning of the state enterprise must gradually approach that of cooperatives: the latter is based on a stricter and more complete model of cost accounting. In the case of the preservation of both economic mechanisms in an unchanged form for a long time, the outcome of the economic competition between cooperative and state enterprises will inevitably be predetermined in favor of the former.

These are some considerations with respect to the formation of a new mechanism for raising the receptivity of the economy to scientific-technical progress.

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### **Cheap Labor Viewed as Obstacle to Introduction of New Technology**

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[Editorial Report] Moscow PRAVDA in Russian on 23 February 1989 (first edition) carries on page 2 a 1400-word article entitled "Children's Home for... Parents, or What Is Impeding the Introduction Into Production of Scientific and Technical Achievements." The article is signed by V. Yaroshenko, deputy managing director of the Scientific-Production Association of the State Tractor Scientific Research Institute, Moscow.

In the article, Yaroshenko supports the right to "intellectual property," that is, the right to patent new discoveries and inventions and the right of both the inventor and the sponsoring ministry or department to sell scientific information to other organizations.

In addition, Yaroshenko states that the low cost of labor in the USSR acts as a disincentive for factory managers to incorporate new technology into their production processes. He cites the following example: "If, for example, a welding robot costs \$150,000 and replaces two U.S. workers with an annual wage of \$15,000, then it will pay for itself in only 5 years. If we try to install the same robot in one of our plants, then it will pay for itself only after 15 years, since the wages of our workers are about 5 times less than those of an American worker." He suggests increasing the workload and then reviewing the issue of "a

significant wage increase." Yaroshenko claims that it is possible to increase wages without increasing inflation by the gradual "liquidation" of loss-making enterprises, a process which can be accomplished by introducing leasing or cooperative arrangements. He concludes that these measures "will not only create greater interest in the introduction of the latest scientific and technical achievements, but will also allow us at last to be free of the imaginary labor shortage. With a high level of labor productivity and high wages, all enterprises and organizations operating under conditions of full economic accountability will quickly get rid of unnecessary, expensive work positions and personnel."

### **Measure of Fixed Capital Depreciation Distorts Production Capacity Data**

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[Article by accountant K. Kagramanov under "New Economic Mechanism" rubric: "The Second Time Around"]

[Text] Moscow—At one time, more specifically, on 15 March 1974, six agencies approved the "Position on the System for the Planning, Accrual and Utilization of Depreciation Allowances in the National Economy." USSR Gosplan, USSR Gosstroy, the USSR Ministry of Finance, USSR Gosbank, USSR Stroybank [Bank for Financing Capital Investments] and USSR Central Statistical Administration precisely defined the purpose of depreciation allowances—the step-by-step establishment of a depreciation fund as the source for the financing of capital investments for the acquisition of new equipment to replace worn out equipment. Under the established norms, the depreciation allowances are supposed to be included in the production cost of finished output or in distribution costs.

If, for example, the annual depreciation allowances for full replacement are 10 percent of the balance value of equipment, then the standard period for the utilization of that equipment is 10 years. During the course of that time, the balance value is fully replaced through the accrued depreciation allowances.

As practice shows, many kinds of machinery and equipment do not become obsolete for a long time and, if treated well, can frequently continue to serve even after the end of the standard period, sometimes for 20, 30 or years, with no balance value that has to be replaced.

It would seem that all this is reasonable. As a result of the production of output for which there is no need to include depreciation allowances in the production cost, the expenditures of the enterprise must decline after the end of the standard period and there ought to be an above-plan profit. Here there is a direct advantage to the enterprise as well as to the state: part of the profit goes into the state budget and the remaining part will be used



to establish funds to promote the enterprise, from which, by the way, they will encourage the servicing personnel who extended the service life of the equipment.

But no, the logic of such thinking is strictly prohibited by Paragraph 36 of that same position, where it states: "Depreciation allowances for the full and partial restoration of fixed capital are produced in the course of the actual service life of this capital."

Well, the official instructions are carried out, depreciation is accrued in the standard as well as the above-standard service life of the equipment. The second time around, as they say. Thus, at the Mozhaysk Printing Combine, which has been in existence for only 14 years, they accrued 921,000 rubles depreciation to replace original equipment valued at 741,000 rubles just for 10 units of equipment that had been in service from 1 to 4 years beyond the standard service life. As we see, the difference is 180,000 rubles! This means that the production cost of output produced by just these 10 units of equipment was artificially raised by 180,000 rubles without any expenditures. And the above-plan profit, most of which was to go to the state budget, was also concealed by this same amount. At the same time, by raising the indicator "Depletion of Fixed Capital," the statutory fund was decreased by the same 180,000 rubles. All of this, of course, leads to a distortion of the given balances and reports and therefore of the real financial state of the enterprises.

Even more distortion occurs in writing off equipment that has served more than the standard period and has become unserviceable. There are cases in which wear and depreciation are accrued over...30 years. The operative accounting methods frequently result in accrued sums being three or four times greater than the initial value of the equipment. At several checked enterprises, wear and depreciation were accrued on equipment in service for 30 years instead of the standard 10 years throughout the actual service life—10 percent of the original value annually. Thus, the accrued sum was 60,000 rubles with an initial value of 20,000, or 300 percent. The equipment is written off at the initial value of 20,000 rubles. The extra 40,000 rubles accrued remain

in the enterprise's balance, increasing the reporting indicator "Depletion of Equipment." So the false opinion arises that equipment on hand had more wear and consequently less production yield.

The imperfection of the original accounting also contributed to a distortion of the true picture of the financial and economic state of the enterprise.

As a rule, there are no data on the actual state of an enterprise's equipment. Neither the chief production engineers with responsibility for the plan for the production of output nor the chief engineers can present a journal or other register that would periodically show the state of production equipment. In the best case, they present documents accounting for expenditures for capital repairs or notes about them but without information on the state of equipment and its production capacities.

With such an attitude toward accounting, one cannot expect that the plan for the production of output will have a convincing technical and economic base. Because, by utilizing the distorted data of the official document-balance, it is easy to lower the production capacities of equipment and also to get a lower plan for the production of output and then to fulfill it without strain and to have unmerited honors and bonuses.

It is necessary to note that the Interim Methodological Recommendations on the organization of reporting at enterprises (associations) under the conditions of full cost accounting and self-financing recently approved by the USSR Ministry of Finance, USSR Gosplan and USSR Goskomstat [State Committee for Statistics] say nothing about the system for accruing depreciation.

The noted distortions must not be passed on to the balance and reporting for 1989; one must change the methods for accounting for depreciation allowances. In my view, it is urgently necessary to take stock of the enterprise balance items "Statutory Fund" and "Depletion of Fixed Capital" and to eliminate distortions. It is also necessary to review and make the appropriate changes in the mentioned position and the corresponding instructions. Enterprises need to introduce a journal (or other register) that periodically (at least once a quarter) records the actual state and production capacities of fixed capital.



## AGRO-ECONOMICS, POLICY, ORGANIZATION

### Ways To Improve Labor Productivity in APK Described

18280064 Moscow SOTSIALISTICHESKIY TRUD  
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[Article by I. Matskulyak, candidate of economic sciences: "Agroindustrial Labor: Problems in Theory and Practice"]

[Text] If the food problem, which at the 19th All-Union Conference of the CPSU was called the most painful and most burning problem, is to be solved successfully in the country, it is very important to comprehend in every aspect the character of the processes taking place in the agricultural sector and related branches. Among them, it is those concerning labor under the conditions of agroindustrial integration that have particular importance from the theoretical and practical standpoints. The urgency of their examination is compounded on the eve of the next plenum of the CPSU CC, which is to analyze the progress of restructuring in the APK and to outline pathways for implementing the party's agricultural policy under the new conditions.

In its broadest interpretation, the APK is a certain set of branches, including agriculture and economic spheres related to it, which serve it and bring to the consumer food and goods manufactured from agricultural raw materials. The shaping of this kind of organism, which is complicated both internally and in its external relations, is an objective process; it is imposed by the laws of development of the productive forces and production relations, of division of labor, and of industrial cooperation.

In the very first years of Soviet power, a number of policy-making documents of the party and government pointed out the need for agroindustrial cooperation, development of an agricultural industry, and establishment of direct business relations between state and cooperative-kolkhoz enterprises.<sup>1</sup> The Third CPSU Program, to be specific, noted the strengthening of production relations of kolkhozes and sovkhozes with one another and with local industrial enterprises, expansion of the practice of joint organization of various production operations, and also the gradual creation of agroindustrial associations in which agriculture would be organically combined with the industrial processing of its products.<sup>2</sup>

The decisions of the May (1982) and April (1985) Plenums of the CPSU CC and of the 27th party congress have had particular importance in developing the integration of the leading sectors of the economy.

The new version of the CPSU Program points the way toward further reinforcement and higher efficiency of the APK. Now it is a question of completing agriculture's

transition to an industrial footing and raising agricultural integration and interkolkhoz cooperation to a new level. The main role in achieving this has been assigned to kolkhozes, sovkhozes, agroindustrial associations, and enterprises, which comprise the foundation of socialist agriculture.

The 27th congress emphasized the importance of the efficient and economically interconnected operation of all entities in the APK and the need to strengthen the impact of scientific-technical progress on the development of agriculture and the branches related to it.<sup>3</sup>

The production branches of the APK now employ 39 million persons and account for more than 30 percent of the country's fixed productive capital. They receive a third of all capital investments in the economy; their annual output is more than 450 billion rubles. The output of the agricultural sector and the industrial goods manufactured from agricultural raw materials comprise approximately 95 percent of the foodstuffs and more than 70 percent of the volume of retail sales.<sup>4</sup>

We can distinguish several spheres within the APK. First are the branches of industry producing means of production for agriculture (the building of agricultural machines and tractors, the mixed feed and microbiological industry, the production of chemical fertilizers and chemicals for plant pest and disease control) and those which furnish production and technical services to kolkhozes and sovkhozes, including rural construction. The second sphere is agriculture itself as the central unit in the complex. The third sphere embraces the branches processing agricultural products (meat, dairy, flour milling and hulling, and other branches of the food industry). The fourth sphere consists of branches engaged in transporting, storing, and selling the end product, and the fifth embraces the social infrastructure, including agricultural science and the training of personnel for the APK.

The APK, which is the agroindustrial complex as the object of management, and Gosagroprom, which is the agroindustrial committee which manages it, should not be confused, though quite often they are. The APK exists in all advanced countries at the present time, while Gosagroprom is a body for state management that exists in the USSR.

The connection between agricultural production and industrial and other branches of the economy existed even earlier. But the APK as an integral production-and-economic system has been formed in recent years. And one of the most important reasons for this was the growing socialization and integration of agricultural and industrial production. Today, more than 90 percent of the fixed productive capital of kolkhozes, sovkhozes, and other state agricultural enterprises have been built by the industrial and construction sectors. The output of agriculture is in turn used by at least 80 branches of the economy.



Agroindustrial integration is a conscious and planned unification, an integral economic organism with a single cycle of reproduction of agricultural and industrial production, which previously were independent, which have been consistently related to one another in the process of the production of raw materials, their processing, storage, and sale, a production operation that is carried on on behalf of the objectives of a maximum rise in the efficiency of social production, improvement of the working and living conditions of the Soviet people, and their comprehensive development. There are a number of reasons why this kind of integration is expedient.

First, the acceleration of development and application of advances of scientific-technical progress. By constantly revolutionizing the division of labor, it makes industrial cooperation and amalgamation inevitable. Present-day technology, systems of machines, and industrial technologies in field cropping and animal husbandry based on their application are utilized most effectively on a large specialized farm that is organically related to the processing industry and to organizations in the fields of transportation, distribution and sale, and other service sectors. It is natural, then, for agroindustrial integration to develop faster where agricultural products are raised for sale to industrial enterprises, since under those conditions both sides have a need and an interest in the unbroken continuity of what is essentially a single technological process in the normal cycle of reproduction.

Second, the location of processing enterprises in rural localities close to the sources of the raw materials, the convergence and interweaving of the activity of farms producing agricultural products with enterprises processing them, and also the strengthening of relations of the two leading spheres of material production with the branches that serve them.

Third, further improvement of the management of production. The principles of cost accounting (*khozyaystvennyy raschet*), growing concentration and specialization inherent in present-day production, urgently demand a transition to those organizational forms which would make it fully possible to apply the automated systems of management recommended by science and proven in practice. Agroindustrial integration makes it possible to substantially simplify the structure of the management of production, to eliminate the excessive number of tiers, and to make it more efficient and economical.

Another important condition for strengthening the mutual ties between industry and agriculture is that there are certain natural prerequisites deep-rooted in man's generic characteristics as a many-sided and versatile creature and in certain peculiarities of the process of agricultural production (its seasonal nature, and so on).

Thus, scientific-technical progress and the deepening of the social division of labor in the process of industrialization, concentration, and specialization of material

production in order to create a product ready for use ultimately tend to strengthen the interdependence of agriculture and industry in their production and economic affairs, the birth of an objective need to coordinate their development all the way to merger. In other words, instead of their parallel and separate development, unified agroindustrial enterprises and associations of a new type began to be formed.

The elemental feature of agroindustrial integration is unification of previously independent agricultural and industrial production.

At first glance, there has been no essential change here, since many essential features analogous to industrial and agricultural labor are still contained in the integrated labor. It seems that the differences between industrial and agricultural labor in society, taken on the one hand, and agroindustrial labor in the combine, taken on the other, lie only in the fact that within the enterprise it is possible to embrace in a single glance the various partial operations which have been brought into the same space, whereas in social production this relationship is not so evident because the various links in the chain are scattered, the branches are separate, and also because of the large number of workers employed in each of them. But the differences go further than that. Even for purposes of economic analysis, it is very important that different end products are created in the separate development of industrial and agricultural labor in each production process. Agroindustrial labor, however, is characterized by the fact that it is based on a large-scale machine industry and aims to manufacture a single end product of some kind or several end products, and the latter are created exclusively through the joint efforts of many workers in the diverse subdivisions of the enterprise.

What is happening as agroindustrial labor evolves if we examine it from the standpoint of the social form, as production relations? We suggest that the answer to this question will help everyone to evaluate more accurately the new forms of the organization and management of agroindustrial labor that are springing up. And for that purpose a bit of theory.

It would seem that within the framework of all production relations we should distinguish, first, relations among people arising directly from the form of ownership of the means of production, and second, relations involving joint activity and exchange among workers who are directly coordinated in the work process. The latter are referred to in various ways in the scientific literature.<sup>5</sup> We share the opinion of those authors who refer to these production relations as organizational-economic relations.<sup>6</sup>

Both of these groups of relations (both those arising out of the form of ownership of the means of production and organizational-economic relations) comprise the system of production relations in dialectical unity.



Organizational-economic relations develop and undergo change not only by means of the influence on them of the prevailing form of ownership of the means of production, but also under the influence of connections and relations inherent only in them, i.e., they exist relatively independently.

But we should particularly emphasize that the essence, forms, and development of organizational-economic relations are by no means indifferent to the prevailing form of ownership of the means of production, which imparts a specific orientation to those relations. This orientation is determined not so much by the effect of peculiarities inherent in the development of organizational-economic relations as by the content of the general social conditions under which they function. Under the conditions of socialism, then, it differs radically from the orientation in the context of other socioeconomic formations. Organizational-economic relations cannot in and of themselves characterize the fundamental peculiarities of that mode of production in which they exist and develop. Without an analysis of relations in ownership of the means of production and their direct influence on development of organizational-economic relations it is not possible to understand the peculiarities of the manifestation of these relations in the concrete historical situation of the relevant mode of production.

By emphasizing these peculiarities, we would like to lodge an objection with those who perceive the spread of leasing relations in our country as a threat to the kolkhozes and sovkhoses. If, they say, the land and other means of production are leased out, as they see it, then the farms are being eroded away, are falling to pieces, and this approach itself supposedly leads to revival of the private owner and a weakening of socialism. These fears are unfounded.

Methodologically, the sources of this mistaken opinion lie in the divorce of organizational-economic relations, which also include leasing relations, from property relations. In the context of socialist social ownership, whether it be state ownership, cooperative-kolkhoz ownership, or some other form of ownership, leasing relations always experience and cannot but experience the effect of that ownership. Under socialist conditions, the lease is a contract that makes it possible to reveal more profoundly the potential of kolkhozes and sovkhoses, since their infrastructure is used in the interests of the true masters of the land. For instance, the Kolkhoz imeni Gogol in Mirgorodskiy Rayon of Poltava Oblast, which substantially surpassed its neighbors in economic efficiency, renounced the customary methods of economic activity and the board leased out all the land to the kolkhoz members. Results were forthcoming: the economically sound farm increased production, reduced production cost, augmented its income, and developed the social sphere at a still higher pace than earlier. Leasing is also being used to pull up lagging sections and farms.

Leasing relations have become the key component in the party's agricultural policy. This was discussed at the conference in the headquarters of the CPSU CC on leasing which was held in October 1988. "Socialist ownership exists, and its potential has to be revealed through invigoration of the human factor, by strengthening man's position in production relations," M.S. Gorbachev said at the conference. "This is the key factor, this is the essence of restructuring. Especially in the agricultural sector...."

Organizational-economic relations cannot be realized in "pure" form, that is true. But this does not mean that in the process of realization they do not have their own content and that we should not identify and analyze that content. On the contrary, the real effectiveness confirms that organizational-economic relations which mediate the relations of ownership of the means of production are developing continuously and experiencing the influence of labor itself as an expedient activity and also the influence of the subjects and means of labor. This naturally results in society's accumulation of production know-how and is accompanied by corresponding relations in industrial cooperation in the division of labor. Which leads to the conclusion: when we examine agroindustrial labor, we should above all call attention precisely to the goal-oriented activity, or the labor itself, the work process, and organizational-economic relations. And this is understandable. After all, in the production of one or several end products the organizational-economic relations will not be the same as in manufacturing the so-called "intermediate product."

If we compare agroindustrial enterprises with those agricultural and industrial enterprises which are operating separately, then the advantages of the former are obvious. They consist of the single economic-technical management, which guarantees fuller and more optimum use of the land, the technical and other means of production, and manpower; of assurance of more precise observance of the technological requirements as to the quality of the raw material and the finished product; of broader opportunities to introduce flow-line methods of production and progressive technology; of more effective use of the levers of cost accounting to raise labor productivity and increase the profitability of the economic entity; of reducing the costs of maintaining the management staff, of greater responsibility of personnel, and greater motivation of agricultural and industrial workers to produce high-quality raw material and the end product as a whole.

What experience do we have today in creating agroindustrial enterprises?

Regional agroindustrial associations of the agrofirma type are the most interesting in their organizational and management structure and in their economic mechanism. There are 25 such organizations in operation. They have important tasks and seem to have quite a good future. Their objective is to produce high-quality



products for delivery to all-union and republic stocks, to process basic agricultural products, and to maintain a full supply of them to the population of particular regions. It is possible in them to work out the problems of simplifying internal, economic, and financial relations among the spheres of production, processing, and sale of the product. Improvement of product quality, expansion of the assortment of products, and reduction of production cost become the immediate objective of all those who work in the agrofirms, who are bound together by common interests.

The typical integrated structures that have been created in the country are the rayon agroindustrial associations (RAPO's). There are more than 3,000 of them, and they bring together basic agroindustrial production units: 50,400 agricultural enterprises and organizations, 7,500 industrial enterprises, and almost 27,000 construction enterprises and organizations and enterprises and organizations serving agriculture. It has to be borne in mind that in some cases the term RAPO refers to a body of management consisting of staff personnel—the specialists of the agroindustrial complex, which takes the place of management of agriculture in the rayons, while in other cases it refers to an association of kolkhozes, sovkhozes, and other agroindustrial enterprises. The RAPO council includes representatives of farms and enterprises, including both their managers and ordinary workers, who as a rule are production achievers; this is the supervisory body between conferences of delegates (assemblies of representatives) of the kolkhozes, sovkhozes, and other enterprises making up the association in question. The task of the RAPO is unconditional fulfillment of the orders of the state for sales of products in the established quantity and assortment, guaranteeing optimal conditions for the efficient activity of enterprises and organizations making it up on behalf of successful solution of the food problem.

But experience in recent years, as noted at the 19th All-Union Party Conference, has shown that in their present form agroindustrial associations within the limits of rayons are becoming obsolete. Evidently, we should take the road which reality has suggested. The reference is to voluntary associations of kolkhozes and sovkhozes (following the example of the Tula graingrowers), which form joint staff services and management entities.

Nine kolkhozes and five sovkhozes, a dairy combine and a meat combine, an industrial-type poultry farm, and reclamation and agricultural chemical enterprises—33 subdivisions in all, entered into the agroindustrial association "Novomoskovskoye." A system that can be self-managed, that is self-supporting, and is self-regulating has been created on a cooperative basis. It represents a successful merger of state and cooperative-kolkhoz ownership on the basis of concentration and broad cooperation combined with the use of democratic forms of management. The main thing that the association has been able to work out and which previously the rayon agricultural administration and RAPO were unable to

work out is making all participants and all units in the rayon APK economically dependent on a common end result and to guarantee their balanced development.

There are now 21 such associations in operation. In spite of the initial difficulties, natural in any new undertaking, the APO is proving its effectiveness in actual operation. The future seems to belong to democratic structures like this which are based on cooperation and use of a cost-fighting economic mechanism.

Yet another variety of integrated association is the agroindustrial combine. Agroindustrial combines differ from the usual RAPO, which, as is well-known, brings together only some of the farms and enterprises and does not include elevators, mixed feed plants, and certain transportation and construction organizations, in that departmental unification of enterprises of differing branches has been supplemented by organizational unification.

There are 53 agroindustrial combines in the country. Their principal task is to augment the production of agricultural products and high-quality foodstuffs on the basis of up-to-date equipment and technology and to engage in the production, procurement, processing, and sale of the product on the basis of cost accounting and self-support.

If we compare agroindustrial combines and associations on the model of "Novomoskovskoye," it is important to note what they have in common and where they are different. First of all, it is clear that the association and the combine have the same goals and tasks. These lie in increasing the production of agricultural products and high-quality foodstuffs on the basis of the achievements of scientific-technical progress and improvement of social conditions. Both structures are complicated integrated systems with unified production planning, financing by appropriation, and credit financing. At the same time, the association is formed on the principles of cooperation among farms, enterprises, and organizations, and its entire activity is structured on a democratic and electoral basis. This is not so strongly pronounced in the combine. Here, the primary activity is supervised by the management. In the association, the solution of the main production problems lies in the jurisdiction of the assembly of authorized representatives of the farms and organizations making it up. But it should be borne in mind that these are not ossified forms that have been given definitive shape.

The restructuring and improvement of the economic mechanism in the APK have not been completed. Persistent explorations are taking place, various forms and methods are being checked out in economic practice. Agroindustrial combines created instead of RAPO's are the most important object of that search. As the initial



experience has demonstrated, they have better conditions for economic activity, for development of initiative, for enterprise, and for combining the functions of production, processing, and distribution.

We believe that the correct approach to a further rise in the effectiveness of management of the agroindustrial sector in the rayon is the one in which various forms of operation would be applied depending on the historical, ethnic, climatic, demographic, and many other peculiarities in the particular region. In such an immense country as the USSR, which is so diverse in the specific nature of economic activity, it does not seem possible to use a uniform form of management, be it the rayon agricultural administration, the RAPO, or other associations. They need not be the same everywhere either in their structure or size or in the range of tasks which they have to perform.

It would seem possible to organize agroindustrial farms and enterprises (associations) when there are no superior departmental management authorities at all. Moreover, as long as they exist, it will not be possible to eradicate departmentalism and administrativism, to give kolkhozes, sovkhoses, and enterprises of the APK the necessary independence and increase their responsibility for the end results of their operation. Elimination of the RAPO as a body of management will make it possible to remove restrictions that now exist in realizing the socialist principle of "from each according to his abilities, to each according to his labor" (especially the first part). After all, it is no secret that the executive chairman of the kolkhoz or director of the sovkhos, the director of any agroindustrial enterprise or leading specialists are compelled to take into account the instructions of the workers of the RAPO. Those same people, unfortunately, do not always correctly take into account the specific nature of the farm, sections, shops, branches, livestock-raising projects, brigades, and links. This means that the managers and specialists themselves are not displaying all their abilities, and are cautious in what they do. Another bad thing is that some of them are even accustomed to passing the buck for their failures onto the rayon leadership.

As for breaking down to the level of farms and enterprises the corresponding volume of sale of agricultural produce to the state or sale to union and republic stocks, deliveries of resources to local points, this could be done through rayon planning departments of ispolkoms of soviets of people's deputies if they were bolstered to some extent. Other variations are also possible.

#### Footnotes

1. "Direktivy KPSS i Sovetskogo pravitelstva po khozyaystvennym voprosam" [Directives of the CPSU and Soviet Government on Economic Matters], Moscow, 1957, Vol 1, pp 503, 658; "KPSS v rezolyutsiyakh

i resheniyakh syezdov, konferentsiy i plenumov TsK" [The CPSU in Resolutions and Decisions of Congresses, Conferences, and Plenums of the CC], 8th edition, Moscow, 1970, Vol 4, p 59.

2. "XXII syezd KPSS. Stenograf. otchet." [Twenty-Second CPSU Congress. Transcript], Moscow, 1962, p 291.

3. "Materialy XXVII syezda KPSS" [Material of the 27th CPSU Congress], Moscow, 1986, pp 144-145, 30, 103, 296.

4. "Narodnoye khozyaystvo SSSR v 1985 g." [The Soviet Economy in 1985], Moscow, 1986, p 172; SELSKAYA ZHIZN, 25 January 1987.

5. Some authors refer to these production relations as technical-economic relations, others as all-inclusive economic relations, a third group as labor relations, and a fourth as direct production relations.

6. L.I. Abalkin, "Khozyaystvennyy mekhanizm razvitiya sotsialisticheskogo obshchestva" [The Economic Mechanism of Advanced Socialist Society], Moscow, 1973, p 18; L.I. Abalkin, "Dialektika sotsialisticheskoy ekonomiki" [The Dialectics of a Socialist Economy], Moscow, 1981, p 80.

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## REGIONAL DEVELOPMENT

### Significance of March Plenum for Agriculture in Estonia

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[Interview with I. Toome, chairman of the ESSR Council of Ministers, by L. Sher; date and place not given]

[Text]

[Sher] The plenum of the CPSU Central Committee on the issues of farm policy was long awaited, and there has been a great deal of talk about it. Did it justify your expectations?

[Toome] People in both the city and the countryside, of course, expected from the plenum of the CPSU Central Committee not so much an answer to tactical questions as solutions to strategic problems. And although many issues were left open, I think that the plenum did the main thing. First, it afforded the republics and regions the opportunity to decide themselves how they are going to conduct their agricultural policy. And that coincides with the draft of our summary conception of cost accounting of Estonian SSR. A second very important point is that the plenum did not concern itself with



cosmetic repairs of some particular branch of agriculture, but offered a general assessment of production relations in this most important sector, it observed that they are not working, are not effective, and for that reason it laid the basis for forming new economic and production relations, and one other particular thing it did was to evaluate property relations.

The third point that was made by the plenum, also an extremely important one, is establishment of the priority of the producer in agriculture. This means that he decides the most important things himself: what to do, how to do it, when to do it, what to produce, how much to produce, who to buy from, and who to sell to. We should note in this connection that all producers have now been accorded equal rights—kolkhozes, sovkhoses, lessors, various complexes, and a principle of fundamental importance—for the first time in the history of plenums of the CPSU Central Committee in recent decades, as far as I know, the peasant farm figures in its decisions, and it also has been put on a par with all the others. This is a fundamentally new and important principle whose "genealogy" goes back to the Baltic republics, where the homestead (*khutorskoye khozyaystvo*), as we know, has been widespread for a very long time.

The next big question—how the development of agriculture in our republic is to be managed now—depends entirely on our own wisdom, on how able we are to listen to the voices of all the participants in agricultural production and to distribute functions in such a way as to create the optimum structure at the level of the rayon, at the level of the republic. As is well-known, the RAPO's are being eliminated. It is most likely that there will be some body of the local soviet at the rayon level that will conduct state farm policy, but in no case will it intervene in production affairs, nor will it perform the functions now performed by the RAPO's. It is certain that the kolkhozes, sovkhoses, cooperatives, lessors, and homesteaders will themselves want to form partnerships, councils, or something else to protect their interests. And they themselves will finance those entities. I cannot say at present what there will be at the republic level. We clearly are reassessing the functions and structure of Gosagroprom before everything else, even the name. But at both the rayon level and the republic level this will be done so as to adhere to the most important principle: the decisive voice will be that of the farmworkers themselves, their work collectives, public organizations and movements, which now make up our agricultural system. Up to now, it has always been someone from above who pointed out which shoe was pinching, where it was pinching, and what should be done so that it would stop pinching. Still, it is more logical for this to be determined by the person who wears the shoes.

[Sher] Won't there be undesirable consequences from this kind of freedom for the producer? For example, the export of products outside the republic?

[Toome] Of course, freedom may also have altogether new consequences. For example, kolkhozes and sovkhoses will not receive a mandatory state order. And in concluding contracts the state system will have to apply considerably more labor so as to satisfy first of all the needs of the republic; after all, the difference in prices on the market of a particular region may also figure here. I think that we will be able to think through a mechanism for exerting economic pressure on this process.

There is another danger, that under the conditions of the present shortage of agricultural products we will not be able so easily and so quickly to make the transition to pure market relations. We have to think through carefully the conditions of the transitional period and also of the transition to republic cost accounting as a whole.

[Sher] The new economic projects talk constantly about the priority of the consumer over the producer, but you emphasize just the reverse—the producer's priority. How is that?

[Toome] As a matter of fact, there is no contradiction here. The priority of the consumer in all spheres of the economy is beyond doubt. I am talking about something else, about the priority of the direct producer over the system that serves him, about eliminating the priority of official authorities over the producer, about the priority of the agricultural producer over the bureaucrat. But the interests of the consumer are exactly what state authorities are called upon to protect when contracts are concluded. Flexible price policy is also needed here. Although at first, prices of the products of animal husbandry will be regulated by the state, we will be able to regulate them ourselves for other products, and we will try to make this system as flexible as possible.

[Sher] The draft of the summary conception of cost accounting of Estonian SSR contains the words "small private property," while the material of the plenum did not envisage such a phrase. Will yet another conflict arise here?

[Toome] As a matter of fact, those words were not uttered. But what amounts to the same phrase was stated there, that a resolute transition has to be made to development of agricultural production on the basis of a diversity of forms of ownership, use and disposition of property, on the creation of equal economic conditions for all types of economic activity—kolkhozes, sovkhoses, processing and other enterprises, organizations, lessors, cooperatives, lessor collectives, peasant farms, personal farming projects of individuals, and on strengthening their integrative ties in every way. And when we speak about the homestead, the peasant farm, indeed let its ownership be private, that does not change the thing—in its economic essence it remains small private property. We are only dealing with terminology here.



[Sher] Reading the speeches at the plenum, you become convinced that a great many differing points of view were expressed there. There were those who agreed with us, there were those who did not quite agree, and there were those who did not agree at all. How was this diversity of opinions manifested in the plenum's decisions?

[Toome] Before the plenum adopted its decisions, M.S. Gorbachev asked what changes, supplements, and corrections were to be made in the documents (and there were a great many drafts of the documents). And a great many proposals were made. But they did not alter in principle the positions that had been expressed in the report. So that there were no changes for the worse, you know.

[Sher] The speeches made to the plenum by leaders of the CPSU suggested a difference in their viewpoints on a number of issues. I am specifically thinking of the speeches of M.S. Gorbachev and Ye.K. Ligachev. One emphasized the role of leasing and peasant farms, and the other kolkhozes and sovkhozes. How was this resolved in the plenum?

[Toome] I assume that before the plenum these issues had been repeatedly discussed in meetings of the Politburo and government of the USSR. Because, as a matter of fact, this is quite fundamental, whether the kolkhoz, sovkhoz, and private farmer, say, will be put on the same level. It seems to me that the only correct solution was adopted—reality itself will show what is the most effective. At present, in any case, they have been given equal opportunities. Although we cannot fail to take into account that at the moment the equipment indispensable to the small producer does not exist, things are not altogether clear as to his supply of materials and equipment. But in principle—and the plenum was supposed to make only fundamental decisions—equal opportunities have been granted. Beyond that it is a question of specific economic decisions. But no one form of economic activity can be groundlessly denied; the obstacles hindering their development have to be removed from the path of each of them.

[Sher] I can remember at least four major reorganizations of agriculture. And every time it was said that now full prosperity would follow. How is it with such "expectations" this time?

[Toome] I consider it to be the most important thing at that plenum that the republics obtained the right to restructure agricultural policy. And now it depends on us in the republic how we take advantage of those opportunities. How able we are to remove all those things that have hindered kolkhozes, sovkhozes, supply and service organizations, and the processing industry, it depends on us what conditions we are able to create for lessors and homesteaders. And in this regard we cannot count on much help from the union level. Here, our own wisdom will become decisive. We expect a great deal from the

union level in other respects—in the supply of materials and equipment: technology, feed, and the like. Here, much depends on how able we are to structure our relations with union authorities, with the other union republics of the country under the new conditions, on the basis of equivalent exchange. And I do not think that all the problems have already been completely solved. In the course of development, obviously, some sort of adjustments will have to be made in our farm policy. Here again, the plenum did not tie our hands with its decisions.

[Sher] And the last question: Quite a few good decisions have been made in what we might call our highest level, and then afterward they were nullified in practice by departmental decisions. Won't that happen this time as well; after all, the plenum ordered a number of departments to prepare drafts of rather important decisions?

[Toome] To a certain extent that danger does exist. Some of the departments are still trying to live according to the old patterns. But I would like to note: recently, the basic positions of more and more decisions have been cleared with the union republics before adoption. So far not always, but far more frequently than before. There have been cases even recently when documents seriously affecting our interests were adopted without being cleared with us. I think that in view of the importance of the problems being solved at the plenum, union authorities drafting new and canceling old documents will consult with us most seriously.

[Sher] Let us hope so. Thank you.

#### **Official on New Concepts in Estonian Agricultural Development**

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[Interview with Agu Keep, chief of the Main Administration for Planning and Economics of ESSR Gosagroprom, by SOVETSKAYA ESTONIYA correspondent G. Golub: "Everything Begins With the Land"; date and place not given]

[Text] The draft of the ESSR Law on the Bases of Cost Accounting (Khozraschet) of Estonian SSR, which was published recently in the newspapers, pertains to the republic's entire economy. But, of course, only the basic objectives and principles of the legislation are formulated even in the summary conception, with no division by sectors. Yet each of them has its own specific features.

Agu Keep, chief of the Main Administration for Planning and Economics of ESSR Gosagroprom, spoke about the conception of IME in agriculture in an interview with our correspondent G. Golub.



"I want to make it clear at once," Agu Keep said to begin the conversation, "that we are not talking about the final version of IME for agriculture, since some of the details (stages, resources, and potential) are still in the discussion stage."

[Golub] But the basic idea has already been formulated?

[Keep] If we are to quote verbatim, it is "development of agricultural activity that is judicious from the ecological standpoint, a full supply of quality food to the republic's population, expanded reproduction of agriculture, and rural social development in the context of the changing economic situation." It might also be said in fewer words. The main principle of IME (there are probably three of them that one might name) is that everything begins with the land.

[Golub] You mean to say the priority of agriculture in the republic?

[Keep] Both in the republic and in the country as a whole. After all, the combination that has prevailed since time immemorial (soil, sun, water, and man) furnishes a new product every year. A large portion of industry (both the food industry and a part of light industry) is employed processing that product or manufacturing machines (tractors, combines, and the like) for its production. In short, 75 percent of the goods annually consumed are products of agriculture. This is something we have not been acknowledging for long years now. And now we have reached the point where we are buying grain abroad. The question is why?

[Golub] Because we do not have enough of our own....

[Keep] The quantity, measured only in tons (which accounts for the discussion about the good or bad harvest, a good year or a bad one), is only a consequence. There have already been appeals to do more and better. And nothing has changed. You will not solve the problem with new appeals of that kind. A new basis is needed, everyone's vital interest is needed.

[Golub] That is, we are talking once again about cost accounting, the brigade contract, family farms, and so on?

[Keep] Let us take a broader view. I am thinking of a pluralism of producers in which all forms of economic activity have equal rights and opportunities—from the kolkhoz to the homesteader (khutorianin). That pluralism constitutes the second principle of the variant of IME that has been worked out in agriculture. Incidentally, it fully conforms to the decisions of the March Plenum of the party's Central Committee. So, let us look in the newspaper: "It is important to bring about equal economic conditions, the appropriate organizational prerequisites...."

[Golub] It also speaks there about a diversity of forms of socialist ownership.

[Keep] It is good that this painful issue, over which there have been so many disputes, is finally being looked at from realistic positions. Unless it is solved, after all, there is no point talking about radical changes in agriculture. Which is also why the conception of IME has straightforwardly stated: the land used by an agricultural enterprise remains state property of Estonian SSR. There is also cooperative property, there is personal property (i.e., the property acquired and created with one's own resources). Private property may also include a tractor and a planter, that is no longer anything out of the ordinary. Nor is there anything terrible in it. We simply became accustomed to the idea of ownership by the entire people. Which means that everyone has a share out of 285 million. Where is it, how is it defined, how is one to preserve and augment it...? As a consequence, man has been alienated from property, and this has not been to the advantage of the economy.

[Golub] Can there also be equal taxation? After all, there is no comparison of the capabilities of a rich farm and a farmer who is just getting on his feet and must see to everything himself.

[Keep] On the whole, this is the idea: a tax that would depend on profit, which would exert pressure not to work more, but to work better and more efficiently. As for the private farms (khutors), they would be given benefits.

I would also like to discuss pricing. The conception emphasizes the dependence of sales prices on product quality and in a context of supply and demand. That is, the market dictates, whether we like it or not.

[Golub] But on the market, as is well-known, prices rise more frequently than they fall. And at present there is no question at all of a drop of retail prices.

[Keep] Well, raising prices and providing compensation is a realistic way out of the situation that has come about today. Alas, we cannot hope for products to be less expensive, so long as everything is becoming more expensive, that will not be brought about. Just now, prices have risen on agricultural equipment and grain. We are losing 75 million rubles a year on mixed feeds alone, since we do not have enough grain of our own. And the country's southern regions, on the other hand, gain from that.

[Golub] And what can we gain on? On the products of animal husbandry?

[Keep] Meat and milk also begin with the problem of feeds. We are actually on the outer edge of the region for cropping. Even in Lithuania and Latvia (which are also Baltic republics after all) it is already warmer, and that means that produce should be cheaper. So what is one to



say, then, for example, about Voronezh Oblast, where, in addition, the land is also richer? This is the conclusion: If economic activity were normal everywhere, in all regions of the country, our product would not be competitive, that is, less expensive than that of others. Under our conditions, an additional payment needs to be made for it as is done, for example, by the Finns for their agriculture (and substantially—20 percent). That is also why they do not export farm products, but feed their own people, they have no shortage of produce there.

[Golub] Which means that we have practically nothing to export? Why is it being mentioned so frequently now that before the war Estonian products were highly prized on the European market?

[Keep] We exported at that time in order to obtain foreign exchange, especially since quality was at a high level. But still we did not get along without a subsidy from the state. At this point, it would be advantageous to us to supply seed potatoes to the country's southern regions. Or to sell certain very high-quality produce. We might even sell a bit in the West. But only a bit—we have fallen grievously behind by about 30 years.

[Golub] You have mentioned two basic principles of IME (that the land is the basis of everything and the pluralism of the forms of production). And the third?

[Keep] It can be defined in just a word—independence. That is, the independence in which every production subdivision in agriculture (the kolkhoz, the cooperative, the private farm) decides itself how much of what it will produce, where it will sell surpluses, and so on. And it means no orders from above, no RAPO's and agroproms in their present form.

[Golub] But still there has to be some coordinating body?

[Keep] IME calls for creation of a republic ministry of agriculture and forestry. This is not simply a change in title. The task of the ministry would not be to manage production itself, as has been the case up to now, but state regulation of land use, forest use, and water use. The ministry becomes an intermediary between the government and regional authorities set up locally on local initiative.

[Golub] I don't understand. There is one form of administration in one region and in another there would be another form?

[Keep] And why not? People themselves make the decisions, which is precisely what they need. An example is the present structure of the Raplaskiy Rayon RAPO, which does not issue orders, but is itself subordinate to the RAPO council. The pattern is similar in Vilyandi.

[Golub] And why are the customary names—rayon and rural soviet—being replaced by new ones, or, more accurately, old ones: uyezd and volost? What is this—nostalgia for the past?

[Keep] Of course not. This is not nostalgia in the least. It is not a question of names. Though, it has to be admitted, the present ones have lost some of their value, if it can be put that way. But under our conditions what can the rural soviet do, what means and what authority does it possess? Actually, the boss in the rayon is the RAPO, not the rayispolkom, nor the local soviets, because the money is in the hands of the farms and the RAPO. And the rural soviet is given the role of a perpetual beggar.

Once again I would like to mention the decisions of the plenum of the CPSU Central Committee, which emphasized the complete exclusion of command-administrative methods of management and intervention in economic activity from above and the performance of a target program for social restructuring of rural areas.

[Golub] The text of the conception of IME in rural areas which you have shown me contains a section devoted to environmental protection. That is something on which we would like to hear more detail. After all, up to now rigid demands could be made on the farms by the Lakhemaa National Park, but in other regions reliance was quite often placed exclusively on the conscience of those carrying on economic activity (I am not talking about those situations in which the public health station intervened).

[Keep] Implementation of IME does not envisage substantial changes in land use. But consideration must be paid now to the ecological infrastructure of the area, with an emphasis on conservative agriculture (especially in Otepya, Khaanya, the islands, Pandivere, and Lakhemaa). This does not mean that we are renouncing intensive technologies. It is simply that everything has its place.

[Golub] And the general direction in the development of the republic's agriculture will remain as before, or will it change?

[Keep] The crop structure (grain, potatoes, and grass) will remain the same in cropping. But there will be a growth of meadow cultivation and the raising of vegetables, berries, and fruit. At the same time, the orientation will be toward optimizing the use of artificial fertilizers and increasing the share of organic fertilizer, and in weed control toward biological protection.

In animal husbandry, the level of production that has been achieved will be preserved, but a transition is planned toward higher technology and quality. The optimum ratio between the production of dairy products and meat production in view of the republic's climatic conditions is 10:1. The main direction is toward the dairy herd and the production of bacon.



[Golub] It is obvious that we will simply not be able to discuss all aspects of the conception of IME in agriculture. There are the legal guarantees, the timber and lumber industry, the processing industry, other uses of the rural landscape, the social infrastructure....

[Keep] Still, let us talk a bit about the last point. The conception uses the term *maaelu*. In a literal translation this means living on the land, which includes everything together: the fields, the woods, man on the land, and that also means everything he needs to live (comfortable housing—no worse than in the city, schools, kindergartens, clubs, gymnasiums, and churches). It was not by accident that I emphasized that the housing should be just as good as in the city. The city is greatly in debt to rural areas (recall only how the peasants actually worked without payment in the postwar years, and they fed us city dwellers). So the time has come to repay the debt.

Rural areas have to be raised up, and all the energies of the republic have to be drawn upon. When life is normal in the country, people will stay there, there will be a sufficiency of both produce and raw materials for industry. So, I will end the same way I began: it all begins with the land.

#### **Agricultural Worker Union Created in Latvia—Tasks, Prospects**

18240058a Moscow SELSKAYA ZHIZN in Russian  
19 Feb 89 p 2

[Article by A. Timkov, SELSKAYA ZHIZN correspondent, Latvian SSR: "New Hopes"]

[Text] A decision has been handed down in Latvia—to create a union of agricultural workers. What type of work will it carry out? What role will it play in the development of the republic's agro-industrial complex?

A number of measures have been undertaken in Latvia aimed at improving the depressing appearance of the food counters. And the situation has improved only slightly. There was a glimmer of hope for the use of cost accounting and self-financing. However, a year has passed and again there is disillusionment—complete success has not been realized: the plans were fulfilled in terms of the principal indicators and yet it is still difficult to purchase meat and dairy products in the stores. The shortage in internally produced grain has prompted many farms into decreasing the numbers of their livestock. The milking herd has declined by 10,000 head, the number of hogs has decreased by 120,000 and the number of cattle—by 12,000 head.

Everyone is aware that none of these facts are inspiring optimism and that the livestock productivity on the farms is dependent not only upon the ability of the livestock breeders but also upon the agroprom administrators. Kolkhoz member and sovkhoz workers are troubled by a sense of dissatisfaction. They are tired of

tolerating simple intermediaries and observers, who initially issue commands and thereafter explain away their failures as being caused by "objective difficulties."

And thus the republic's Council of Kolkhozes, headed by the chairman of the Adazhi Agricultural Firm, Hero of Socialist Labor A. Kauls, advocated the creation of a union of peasants, the purpose of which would be to unite the kolkhoz members, sovkhoz workers, leaseholders and farmers. What would be the goal of such a union? To defend the interests of the peasants. A rural inhabitant must never feel that he has been deprived of his rights. The problem was raised in a point blank manner: it is not enough to merely discuss the revitalization of the rural areas; it must be revitalized! By no means was this idea simply perceived throughout the republic as the creation of still another social organization. The citizens viewed it as an encroachment upon the union of the hammer and sickle. They maintained that it must be strengthened and not destroyed. Some rural leaders shrugged their shoulders in a skeptical manner. I recall how the chairman of the Leninets Kolkhoz, A. Kurashov, became indignant: "There should be less arguing and more work!"

He now feels that the union provides the foundation that will allow the agrarian sector to operate in a more reliable manner. The director of the Madliyen Sovkhoz, Candidate of Economic Sciences Yu. Belyavnyeks, is not so optimistic.

"There can be no doubt but that the advancing of ideas and requirements and the rejection of certain decisions are of importance and yet at the rayon level everything is possible and everything is within our power," he stated, "and indeed the democratization of control at the republic level is needed." And it is here that the experience of the Union of Fishing Kolkhozes would be quite appropriate. Here the working staff is elected and the union defines its size and controls its activities."

Many opinions are being expressed throughout the republic regarding the further development of agriculture. There was no shortage of such opinions during a two-day conference for the leaders of farms, processing enterprises and construction and service organizations of the APK [Agro-industrial Complex]. One of the speakers proposed a tall building in which the republic's Gosagroprom [State Agro-industrial Committee] could be located, the leasing of a hotel to Inturist [All-Union Joint Stock Company for Foreign Tourism in the USSR] and for earned currency to be made available for satisfying rural requirements.

Recently we have begun to recall on a more frequent basis the Latvian phenomenon of the 1930's, when the republic was characterized by a predominance of small peasant farms, each possessing from 10 to 30 hectares of



land. It was precisely during this period that we experienced a peak in the production of agricultural products. At that time, Latvia not only satisfied fully its own requirements but in addition it also exported agricultural products abroad.

"Why cannot past experience be adopted today?" Such was the question addressed to those in attendance by the chairman of the Skanyayskalns Kolkhoz Z. Ziyedinysh

Certainly, such experience is of interest. However, the participants in the conference appeared to be very skeptical over the words uttered concerning the inadvisability of having kolkhozes and sovkhoses in the republic. The chairman of the Tervete Agricultural Firm V. Gredzens spoke out in particular on this subject. On the farm headed by him, the land is used with a high degree of effectiveness and it would make little sense to divide it up into peasant plots. Is it really possible for small farmers to achieve such a production level, when the agricultural firm is producing more than 2,600 quintals of milk and 276 quintals of meat on 100 hectares of agricultural land? During the past year, the average milk yield per cow here was 6,652 kilograms. Let well enough alone!

During two days of debates, more than 30 individuals appeared at the tribune and each one offered his own arguments, conclusions and recommendations. However, they were all unanimous in the belief that today the republic's agriculture requires radical measures. The agroprom [agro-industrial committee] has not justified the peasant hopes and it has not brought about any fundamental improvements. There are offices but there is no work. The machine builders are ignoring the needs of rural inhabitants. The prices for equipment are increasing and reliability and quality remain at their former levels or have deteriorated further. The shortages in construction materials have become the talk of the town. And there have been many speeches concerning independence and its life-giving force! And for what purpose? Nothing more is accomplished beyond the discussions. During the conference, mention was made of the fact that the kolkhozes, sovkhoses, farms, lease establishments and processing enterprises must have genuine independence.

"It is time to put an end to the unwise use of land!" a speaker stated from the tribune. "Neglected lands must be turned over to leaseholders and farmers on a competitive basis."

The government of the republic supports this idea and even has decided to issue a one-time monetary grant—10,000 rubles—to those who undertake to restore farmsteads.

The conference, which was conducted in an efficient and uncompromising manner, did not produce any clear-cut program. It merely drew the conclusion that the existing administrative program must be changed. And this must

be done in a decisive manner and without regrets, in view of the fact that drastic changes cannot be achieved under the administrative-command system.

Those in attendance adopted a resolution calling for the creation of a social organization—a union of agricultural workers. It brings together not only kolkhoz members and sovkhos workers but also builders, workers attached to the processing industry and the agricultural service, leaseholders, farmers, scientists, students and other persons desiring to solve the vital tasks of the rural areas in a joint manner. These people are united in primary organizations and in rayon or municipal departments. A set of regulations has already been developed in which the following statement is made: the union has as its goal the consistent implementation of revolutionary restructuring within the republic's APK.

How does this union intend to operate? The first matter of business—to achieve a priority for agricultural development and to democratize administration on the basis of cooperation and observance of the principles of economic profit. It intends to participate in the development of price policies, draft laws, decrees and decisions which promote the development of rural areas and improvements in the well-being of rural inhabitants. The plans also call for the extensive dissemination of leading experience, the publication of books, newspapers, journals and brochures, the opening up of commercial enterprises in Latvia and beyond its borders, the furnishing of assistance to schools for providing production training for children and the organization of probationary work for specialists abroad. The financial structure of the union will be ensured by its own commercial activity together with payments and donations.

Working organs, committees and sections may be formed based upon decisions handed down by the union and some specialists may be hired for the carrying out of certain tasks. The plans call for experts and scientific collectives to be engaged for the carrying out of contractual work. Their number and wages will be established on the basis of a decision handed down by the union's administration or primary organization.

Will all of the plans succeed? Only time will tell. But the personnel firmly believe that the union will become a force which will guarantee the needed changes. The food problem is so acute that no time can be spared for the next failure or postponement.

#### **First Secretary Klepikov Discusses Agrarian Reform in New Oblast**

18240110 Tashkent SELSKAYA PRAVDA in Russian  
19 Feb 89 p 2

[Interview with Aleksandr Fedorovich Klepikov by L. Pak and S. Kumanikin: "Cost Accounting Plus Discipline"; place, date, and occasion not given; passages in boldface as published]

[Text] A short time remains before the Plenum of the CPSU Central Committee on problems of agrarian policy.



Rural residents connect big hopes with its decisions, in particular, on matters concerning the radical economic reform, which is going on in Uzbekistan's agro-industrial complex, although not as rapidly as expected.

Syr-Darya Oblast now occupies an important place in it. Suffice it to say that cotton growers in the virgin-land region now gather the heaviest bale of raw cotton and grain growers bake one-third of the republic's loaf of bread. At the same time, this region is complex and difficult and not only in its natural conditions. Many problems and issues will have to be solved in it in order to bring social and economic development up to the proper level.

Our correspondents asked Aleksandr Fedorovich Klepikov, first secretary of the Syr-Darya Obkom of the Communist Party of Uzbekistan, candidate for USSR people's deputy, to answer several questions by the editorial department of the newspaper *SELSKAYA PRAVDA*.

[Correspondents] The unification of Dzhizak and Syr-Darya oblasts occurred comparatively recently. Please tell us about the economic and cultural potential of your region and about the pluses and minuses, for example, in the economy and sphere of management, which such a merging has already given or can give in the very near future.

[A. Klepikov] In order that former Mirzachul could be "seen" more clearly, let us turn to figures. I will not pile them up, but will cite only some, the most important ones. A total of 98 industrial enterprises operate in the oblast now. A total of 17 plants manufacture cotton fiber and a number of large enterprises dispatch wall panels, prefabricated houses, earthenware-drain pipes, accumulators, and plastic models to all the corners of the country. Today we extract and work nonferrous metals—gold, tungsten, lead, zinc, and silver. The oblast is the largest producer of electric power in Central Asia, its output totaling 16 billion kwhr last year.

Our light and food industry has "begun to walk" more energetically in recent years. The Dzhizak Production Knitted Goods Association, the Gulistan Sewing Factory, and the Dzhizak Cotton Spinning Factory have been built and operate. A large oil extraction plant has begun to operate in Gulistan and dairy plants, in Dzhizak and Gulistan. The Dzhizak Hosiery Factory has given the first products. The Dzhizak Meat Combine will be put into operation in the very near future. Last year industrial output totaled almost 1 billion rubles.

However, this is far from the limit. Owing to a number of subjective and objective reasons, a significant part of the production capacities simply is not yet used. The oblast party committee takes energetic steps to transfer all labor collectives to two- or three-shift work. There are drafts for the development of a network of plant and factory affiliates in rural areas, primarily for the construction of

enterprises for the processing of agricultural products, whose capacities will be increased by 30 percent as compared with the 1988 level.

If today the oblast is seen from a bird's-eye view, undoubtedly, it will seem as a vast construction site. After all, a footwear factory in Syr-Darya, plants for the repair of technical equipment and processing of secondary raw materials in Gulistan, the Akaltynskiy Mixed Feed Plant, and a number of others will be put into operation this year alone.

Last year virgin-land workers produced 725,000 tons of raw cotton. I will tell you that this is three times more than in 1963—the beginning of the oblast's formation. I am confident that the oblast's workers will be able to work with a full return and to make a substantial contribution to Uzbekistan's common "khirman" [community field center].

We have a considerable social and cultural "capital." In the oblast there are two pedagogical institutes and an affiliate of the Tashkent Polytechnical Institute, where about 13,000 people study. Two drama theaters and a rather large network of clubs and music schools operate. Representatives of almost 100 nations and nationalities live in the region. Newspapers are published in Uzbek, Russian, and Kazakh languages and radio broadcasting is also conducted in Tajik and Crimean-Tatar languages.

In brief, Syr-Darya Oblast has a big industrial and social potential. It is another matter that many unsolved issues and problems have accumulated in many sectors during the years of stagnation. They must be solved more rapidly. The party obkom is working on this now.

Well, with regard to the second part of your question, about the pluses in the economy and management from the merging of the oblasts, I will answer briefly. In 1974, when the division occurred, in my opinion, the unified economic complex, which operated in the developed region, was disrupted. This, in turn, hampered the development of productive forces of the virgin-land region.

There is a different picture now. Production relations have strengthened, the economic levers of effect on productive forces have increased, and it has become much easier to solve [problems] and attain the final result. After all, everything is in the same hands now. To be sure, the oblast's consolidation will make it possible to get many things moving, to accelerate the growth of projects for the output of commodity products, and to better utilize the social and cultural potential.

[Correspondents] Naturally, the new scale requires new approaches to an improvement in the management of all spheres of life. How does the party obkom accomplish these tasks? In particular, what did the reorganization of the party apparatus of the obkom, gorkoms, and raykoms give?



[A. Klepikov] I will frankly say that to date serious problems have accumulated in the economy and in social and spiritual spheres. I am convinced that how speedily the social and economic development of the oblast's labor collectives will occur largely depends on their most rapid solution. It is clear that they cannot be solved by the old methods of management. A clear delimitation of the functions of party, Soviet, and economic bodies and public organizations is the main path of the new ones.

Undoubtedly, the reorganization of the structure of the party committee apparatus will help us in this matter. Sectorial departments, which in one way or another interfered in the operational activity of labor collectives and dealt with matters, which, obviously, were not within their competence, have been abolished in them. Now we have given up such a form of "management." We increase the responsibility and expand the independence of managers through political methods. Today no party worker dictates to the manager when to plow and sow and whether he can build or not. We evaluate the manager's ability to be such according to his activities and specific results of work.

The restructuring of the party apparatus made it possible to markedly reduce the number of obkom workers and to reinforce the rayon and city link and primary party organizations with skilled personnel. We distributed forces as follows: The department for organizational-party and personnel work carries out management according to the territorial principle. An institute for senior organizers was established for this. Each of them supervises three city and rayon party organizations in all matters of work. Other obkom departments develop programs for the solution of large-scale urgent problems and help their realization. For example, the agrarian department deals with matters concerning the introduction of advanced forms of management and realization of the Food Program and the social and economic department, with the solution of "Intensification-2000", "Health," and "Housing" programs, and so forth.

Party gorkoms and raykoms construct their work according to the same principle. Their basic efforts are directed toward increasing the fighting spirit of primary party organizations and the responsibility of party members for the area of work entrusted to them.

Of course, it is impossible to say that we have found the most optimal variant. Everything becomes known in motion. Right now we generalize and will continue to closely study the accumulated experience, to refine present forms and methods of improving party work, and to search for new ones.

[Correspondents] Aleksandr Fedorovich, as you realize, our newspaper's readers are interested primarily in matters connected with agriculture. As is well known, to arouse the peasant's interest in conscientious labor and

to overcome his alienation from land, public property, and final results of production activity are some of the main tasks in this sector. What is being done in this direction in the oblast?

[A. Klepikov] I will not be mistaken if I say that the peasant in Syr-Darya Oblast is a constant participant in the experiment that is going on in rural areas today. It is no secret that all the new and advanced things introduced in the agro-complex are tested precisely on virgin land. Suffice it to say that the collective of the 50 Let Oktyabrya Sovkhoz in Dustlikskiy Rayon, the initiator of the application of the leasing contract in the republic's cotton growing, has again taken a step forward. Now it is no longer a sovkhoz, but a state cooperative association. The subdivisions of all production and service sectors have been reformed into cooperatives. Today they are united only by the meeting of permanent representatives. Each cooperative has its own internal cost accounting, at the same time, receiving the most genuine independence. The cooperatives (there are eight in plant growing, one in animal husbandry, and six service ones) settle accounts between themselves and the association.

This is only the beginning. Last year 335 brigades and links worked on a leasing basis. Their results were the highest. I will cite several figures to back up my statement. The lessees' yield of the cotton hectare averaged 28.2 quintals. The yield obtained by lessees who grew grain proved to be twice as high. There was the same picture in horticulture and grain growing. And if we talk about profitability, the lessee's profitability was almost 12 percent higher even than that of those who worked on the basis of a collective contract.

At the same time, I would like to stress that the oblast party committee, although it gives preference to leasing, does not attempt to implant it everywhere and in everything. The principle of voluntary participation and mutual consent should reign, first of all, where collectives change over to advanced methods of labor.

And here the obkom welcomes any forms and methods of cost accounting organization, which would work for the final result and give profit. Therefore, this year only 88, or less than one-half of the oblast's farms, will change over to leasing. A total of 109 farms will apply the check system of expenditure control. The question of organizing agro-combines for the production and sale of agricultural products is now being solved.

However, not everything is smooth as on paper. To this day the load of obsolete ideas hampers the introduction of the new and advanced in rural areas. Inertia is reflected here. We will add to this the economic semi-literacy of some specialists, the great number—sometimes there is no making head or tail of it—of normative documents, and the low exactingness of managers. In some cases, like spokes in wheels, there is a lack of



coordination of the plan with assignments for the state order, as well as an incompleteness of instructions determining mutual relations between financial bodies and State Bank institutions.

There is one way out—to learn. To learn to manage in a new way, intelligently, and with a glance at tomorrow. Seminars for kolkhoz and sovkhoz managers, chief economists and accountants of farms, and specialists of sovkhozes and rayon agro-industrial associations have already been held this year. Secretaries of party organizations have enriched their knowledge and workers of party gorkoms and raykoms and economic managers have begun to acquire legal universal compulsory education recently.

Of course, learning is not a universal panacea. However, it is a strong support for the clever person with initiative, while life itself will expose the conservative and the bureaucrat.

[Correspondents] It is well known that, whereas, on the whole, the social sphere of Uzbekistan's agro-industrial complex lags behind Union parameters, it does so especially in your oblast. Is this sphere a matter of priority for the party organization of Syr-Darya Oblast? If so, what is being done now and what is planned for the future?

[A. Klepikov] I repeat. At the beginning of our conversation we talked about the oblast's social sphere, in particular, about the number of institutes and students, so that readers may have an idea of the virgin-land region. But if we look [at matters] in depth, not everything is as well as may seem at first glance. In the oblast there is an acute shortage of schools, most of them being dilapidated. A total of 75 out of 89 clubs are on make-shift premises and only 4 out of 576 libraries are standard. Not to mention the housing problem, which the obkom considers a key one in the accomplishment of the main task—acceleration of the oblast's social and economic development.

A total of 775,000 square meters of housing, schools for 21,730 places, and kindergartens for 6,360 places will be built this year. You will agree that the volume is not small. Unfortunately, however, this does not eliminate the entire acuteness of problems.

How to solve the urgent problem of providing the resident of Syr-Darya Oblast with housing and his children with a school and a kindergarten? We believe that there is one way—to change over to the new forms of labor organization and to combine people's personal interests with state ones; hence, to increase labor productivity and to join the ranks of profitably operating oblasts. If there is profit, there will be money. Once it is available, be it a sovkhoz or a kolkhoz, a plant or a factory, let the labor collective council itself think about social development. You need a school, build it, a kindergarten, you are welcome. Today no one has the right to change the decision of the labor collective. We

must earn money and realize that there will be no manna from heaven, nobody's uncle will come and help us. We ourselves must break our backs so that our children and grandchildren may live well. I think that there is no other choice.

[Correspondents] The experience that has already been accumulated in the course of restructuring shows the beneficial nature even of the first, far from perfect, steps for the democratization of the intracollective, so to speak, life of kolkhozes and sovkhozes. In your oblast there are already examples of the positive effect, for example, of the elections of managers on the entire atmosphere of rural life. How will these processes develop further?

[A. Klepikov] Yes, at one time we connected all the hopes for changes for the better with elections and the replacement of managerial personnel. Now we see that this is not the only point. The chief thing, which has not yet taken place, is a marked shift in the economy of these farms. In the last few years we have not been able to attain the rates of social and economic development determined by the five-year assignment. Of course, some failures can be attributed to the fact that the wheel of the new economic reform, owing to inertia, has not yet picked up speed, but, in my opinion, this is not the entire truth. Unfortunately, the following picture has become typical: Some managers under the pressure of criticism on the part of workers, not having their own firm fundamental position, have embarked on the path of flirting with the collective and try to be goody-goody and please everyone. But they make unsubstantiated and unfulfillable promises, sometimes to the point of being laughable. On the other hand, others, not finding a common language with the labor collective council and brigade councils, have taken up the old method—bare bureaucratic administration and command for show. What is the result? People believe neither. Consequently, they do not believe in and have a skeptical attitude toward all the new things that are being done in the course of restructuring.

In what cases does this happen? In those when labor collectives choose a farm manager without taking into consideration his business qualities, a manager who does not have his own specific substantiated program of actions; in another case, when the nonobjective opinion of a certain group of people prevails during elections. I would call this group egoism. In order not to talk in vain, I shall cite an example. N. Togayev was elected director on the most democratic basis 2 years ago. But, according to last year's results, he had to be relieved of the post of director on the Sovkhoz imeni Konev in Arnasayskiy Rayon.

The newly appointed manager brought the farm to an impasse. This always happens when a certain category of people confuses glasnost and democracy with permissiveness and pursues "its own aims."



No, the party obkom will not give up elections. We are far from being so categorical. But we are for the following: Business-like people with strong skills and sharpness, who are thoroughly familiar with the entire set of economic methods of work, should hold managerial posts. In connection with this the obkom also places new demands on party committees and bureaus. The truth is obvious—precisely they (who else?) should become the true political, spiritual, and moral nucleus of party organizations. Only party members are able to lead masses, systematically strengthening democratic transformations, and to help to overcome the accumulated public passivity. It seems to me that this is the most difficult problem that has remained from the period of stagnation.

In connection with the above stated it is necessary to interpret the very concept of discipline differently. It should be changed radically. The style of work, which has taken root so long during the years of stagnation, urging us to stick out our heads less from the "trench," should be replaced with the discipline of fulfilling the party's political line. Here there is the broadest scope for creativity, initiative, exactingness, and responsibility for what is said and done. In brief, to change thinking itself and to break its traditional canons is the chief thing on which the obkom is now working.

[Correspondents] Quite a short time remains before the Plenum of the CPSU Central Committee on agrarian policy matters. In connection with this we would like to especially dwell on problems connected with the management of the agro-industrial complex. In particular, does the existing system of management not hamper perestroika in the APK and the introduction of self-support and self-financing principles and of contract, leasing, and other modern forms of labor organization and wages? What does the experience of your oblast show? In general, does the obkom have its own concept of a sharp improvement in APK affairs? If so, what are its basic features and directions?

[A. Klepikov] Let us immediately define the precise limits of the talk about the APK. The agro-industrial committee is necessary. What should it be like, this is the question! Even after the oblast's APK apparatus was reduced during the unification, I believe that its staff is inflated groundlessly. Above all, such a paper flow, such a system of reports and summaries, was developed there—one is simply amazed. Moreover, to this day in its structure the agroprom seems to operate separately from producers and consumers and does not have the necessary flexibility.

In my opinion, an obvious contradiction has arisen between producers, who persistently open the way for true economic independence, and the upper management echelon, which at times operates by the old method—commanding.

I believe that the apparatus for managing the agro-industrial complex should be only at the oblast level, but a council of the association of permanent agents—representatives of farms, combines, or firms—is sufficient in the rayon. I would like to make a reservation right away: Representatives should be from below, from the enterprise. What are the council's functions? It should ensure a normal activity of kolkhozes and sovkhozes, not for commanding them, but for fulfilling management functions, which they need.

The fulfillment of the Food Program is the most important condition for a stable economic and social development not only of the oblast, but also of the republic and the country. Consequently, the priority of the APK should be unconditional and sufficiently high in order to ensure the fulfillment of what has been planned. After all, a great deal still has to be done for the development of the social sphere of rural areas and for strengthening the material and technical base. Hence precise delimitations of economic relations in agro-industrial production itself are needed. This, in my opinion, is the chief thing that the forthcoming Plenum of the CPSU Central Committee should determine.

#### **UzSSR: Nishanov on Relationship of Foodstuffs, Cotton Production to Ecology**

18300505 Moscow PRAVDA in Russian 30 Mar 89  
Second Edition p 2

[Interview with Rafik Nishanovich Nishanov, first secretary of the Uzbek CP Central Committee by Correspondents V. Artemenko and A. Kaipbergenov, Tashkent: "Both Cotton and Foodstuffs"]

[Text] Difficulties in food supplies, and the ecological crisis in the Aral region often affect cotton. Is this true?

R. Nishanov, first secretary of the Uzbek CP Central Committee, answers PRAVDA correspondents' questions.

[Correspondent] Rafik Nishanovich, you touched on this subject at the Plenum of the CPSU Central Committee. What is your attitude toward the Plenum decisions?

[Nishanov] Perestroika is not to be stopped. The plenum's main conclusion is that the land needs a real and not a declared master. A real person interested in high end results.

[Correspondent] As we know, last year Uzbekistan for the first time in the last 5 years fulfilled and even overfulfilled its quota for raw cotton procurement. What does this mean—a beginning improvement in the health of the leading branch of the republic or a favorable coming together of weather conditions?

[Nishanov] It is not only the weather. It is greater organization and discipline. We have moved to contract forms of labor, are introducing intensive technologies



and are regulating the harvesting conveyor. This has enabled us to grow a good harvest, to procure over 5.36 million tons of raw materials of first and second class primarily. As calculations show, it is possible to produce no fewer than 1.72 million tons of fiber, whereas previously, during the very heat of the fake record-setting mania, no more than 1.6 million tons were produced.

The production of grain, potatoes, vegetables, melons, fruit, meat, milk and eggs has also increased. In general growth in gross agricultural production is equivalent to a total of about 800 million rubles.

Of course that which has been achieved is only the beginning of the turn toward improvement.

[Correspondent] In the republic there is no end to discussions about the domination of cotton, which has pushed out many orchards, vineyards and gardens. So much water is needed for it that the disappearing Aral Sea is being pushed to the brink. Prices in markets are increasing, living conditions are deteriorating. Cotton or food? This is the essence of many disputes.

[Nishanov] The question is a difficult one. I feel that we must consider the existing structures of the national economy and the place of the republic in the national division of labor. Where, in addition to Central Asia and Azerbaijan, can we produce cotton? It is another matter that in the chase after gross yield and inflated fame sowing area expanded in an unrestrained manner and the vital interests of people have been ignored. Soil fertility has decreased; the ecological situation has become more complex. This was the result of enterprises' involvement in escapades and of flagrant administrative pressure. The monoculture, like an octopus, has enveloped agriculture. I spoke about this from the podium of the central committee plenum. At the same time other branches were being kept down.

[Correspondent] It was noted at the plenum that during the last 20 years 1.6 million hectares of irrigated land have been introduced in Uzbekistan, fixed production capital in agriculture increased sixfold and gross production—by 75 percent...

[Nishanov] That is true. Right now we are still not managing the enterprises in the best manner. We are trying to correct deformations and to restructure the practice of land and water use.

[Correspondent] It is a complex matter.

[Nishanov] The problems have been accumulating for years. First and foremost we must increase the return in food branches at an accelerated rate. With a rapid population growth the production levels achieved are extremely inadequate. Per capita consumption of food products is essentially not growing in the republic. And in meat and dairy production we occupy last place in the country.

[Correspondent] Many letters are received from specialists who state that for the republic the production of 4 million tons of raw materials would be optimal. If we moved to complete self-support with produce, then there would be practically no land left for cotton.

[Nishanov] Many people forget that there are no miracles in nature or in the economy. Some propose to radically curtail the area in cotton, to instantly reorient farming toward raising food, and primarily fruit and vegetable products. I feel that this kind of maneuver is simply unrealistic within a short period of time. It is also probably hardly justified economically. To the problem of how to feed the people is added another—what to clothe them in. Also, in addition to fiber, the raw cotton will provide 500,000 tons of vegetable oil, over 1 million tons of oilseed meal and a large quantity of other protein feeds for livestock raising.

The key to solving the problem is not the mass and hurried reorganization of crop structure, although serious changes are essential here, but correct reclamation, the quality improvement of the land and the skilful use of every irrigated hectare. The return on agricultural labor is still extremely low and product losses are high.

[Correspondent] Still it is indisputable that the efficient coordination of crops is important.

[Nishanov] Work is being done in this direction. Whereas during the boom period the proportion of cotton in total area of irrigated plowland reached 75 percent and more in some places, last year it decreased to 69 percent. We are developing a scientific concept for developing farming. We cannot do without the continued freeing of area from cotton. First of all it should be removed from low-productivity and very salinated soils as well as from steep slopes and foothills, where it does not do well.

[Correspondent] In comparison to 1983 the procurement plan for raw cotton has been decreased for Uzbekistan by 750,000 tons. Is it necessary to curtail procurement volume further?

[Nishanov] The problem has not been conclusively solved. That part has been removed from the plan that was never really produced, that simply said was added. A real decrease is needed. According to calculations we should decrease the sowing area by 200,000 hectares and decrease the production volume of raw materials by another 300,000-350,000 tons in order to bring annual gross yield to 5 million tons. On this question we find understanding and support in the party central committee and the country's government. A positive solution will create the conditions for a quality improvement in the level of cotton farming and an improvement in crop rotations and the reclamation condition of the soil.



[Correspondent] Evidently, the crisis situation in the Aral region was the result of the irresponsible approach to the assimilation of new areas for irrigation. No one thought about negative consequences.

[Nishanov] The well-known resolution of the CPSU Central Committee and USSR Council of Ministers indicates an extensive program of work to improve matters in the Aral region. A special deputy group on the Aral Sea has been established here. It is in charge of controlling the building of a collection-drainage system and of the complex renovation of old arable soil. Water-conservation measures are being implemented. Whereas in 1987 10 cubic kilometers entered the sea, last year the figure was 23 cubic kilometers. However, this is much less than the amount that evaporates from the surface of the Aral Sea. Thus the urgency remains.

[Correspondent] An objective analysis of the state of affairs has destroyed the myth about the exclusive profitability of cotton farming. A number of enterprises are unprofitable. In more than one third profitability does not exceed 15 percent, and 72 enterprises turned out to be completely bankrupt. What is the answer?

[Nishanov] There was no myth. Cotton farming is a profitable branch. Even in unfavorable 1987 its profitability surpassed 30 percent. This indicator is even higher according to last year's results. As for the unprofitable, these are basically not involved in cotton farming but in grain farming—livestock raising and orchards-vineyards. Right now the financial improvement of the entire economy is in progress. Some bankrupt sovkhozes are being transferred to industrial enterprises or joined to economically-strong enterprises.

We are placing the most emphasis on cost-accounting forms of labor organization—contracts and rents, and are cooperating in every way possible in the development of production cooperatives. Leasing enables us to eliminate the alienation of the peasant from the land, to make him the manager. In this, incidentally, the experience of the cost accounting collective of L. Kim of Sovkhoz imeni 26 Partysyezd, Kashka-Darya Oblast, is convincing. During the time of our recent visit Lev Nikolayevich confidently announced that the reason for the success is independence and contracts on a lease basis. In the brigade there is no excessive technology or office workers. Last year the cotton yield surpassed 27 quintals. This is on virgin soil. All the raw cotton is harvested by machine. Moreover, the brigade cultivates alfalfa, vegetables and potatoes. Every worker produced a gross yield valued at 21,000 rubles and the average monthly wage was 667 rubles. I became acquainted with the interesting experience of producing a large cotton yield, food crops and alfalfa in the brigade of F. Ibragimov of Pobeda Kolkhoz, Andizhan Oblast.

Whereas last year leases were given for 80,000 hectares, this year the figure is already 900,000 hectares. Five hundred cooperatives are operating to produce agricultural products.

[Correspondent] But leases still face a heap of problems...

[Nishanov] The first among them has to do with cotton prices. The problem became more acute during preceding years because equivalency in exchanges between agriculture and industry have been violated. It is difficult to cover expenditures with earnings. This is why it is very important to reexamine procurement prices and to increase the interest of the farmer. Until we solve this problem it is impossible to create normal economic relations in cotton farming. Our proposals are directed at the corresponding union organs. We are awaiting their examination. Also needing a solution are our proposals to utilize as economic stimulants deductions of a part of the tax from circulation from those enterprises in our country which today process cotton fiber cultivated in Uzbekistan.

[Correspondent] For the last 3 years a so-called double accounting system has existed in cotton farming—according to gross yield and according to fiber. To what degree has it justified itself?

[Nishanov] The transition to paying for raw materials depending on the content and quality of fiber has played a positive role. The average output of fiber has increased. Through its above-plan production alone enterprises annually received 170-200 million rubles. As an experiment procurement points are being transferred to kolkhozes and sovkhozes. We must take the next step—to fully make the transition to account-keeping and the reception of products only according to fiber.

The restructuring of the economic mechanism in cotton farming, as in other branches, must proceed on the basis of the principles of radical economic reform. We feel that we must plan stable state orders for cotton fiber. A certain part of products should be left at the disposal of enterprises for sales on a contract basis. Under such conditions cotton farmers can also enter the international market. By means of the more intelligent management of affairs enterprises will be able to raise productivity of the basic crop and simultaneously to increase the contribution into solving the food problem.

[Correspondent] Statistics confirm that increases in agricultural production output during the last 2 years hardly cover natural population growth in Uzbekistan. Isn't this the reason for the expensiveness in markets? At the same time a great deal of the harvest is lost due to the weak storage and processing base. This was discussed by delegates of oblast party conferences. This problem was posed urgently at the central committee plenum.

[Nishanov] Food production has increased but there has been no noticeable growth in per capita consumption. For fruit, vegetables, potatoes and melons there has actually been a decrease. Enterprises do not have anywhere to process them themselves so they began to deliver more produce into the national fund and are



striving to sell surpluses in distant regions. This is the reason for the high prices in local markets. In order to correct the situation we are now significantly expanding the area in fruits and vegetables. Due to the predominance of cotton there are many problems involving livestock raising.

An adequate food supply is impossible without a decisive struggle against harvest losses. And they are still great. The real torment for kolkhozes and sovkhozes is the unloading of products. Transport is late. We can present a mass of examples of the deterioration of the harvest due to a violation of the railroad delivery schedule. Kolkhozes and sovkhozes suffer enormous losses due to this and the purchaser often remains empty-handed. Storehouses are in an extremely unsatisfactory state; many of them are not equipped with refrigerators as a result of which great losses are tolerated.

We need a radical restructuring of the storage and processing base. A certain change has been seen. Since the start of the five-year plan storage capacities have been increased significantly. By 1991 they will be doubled. We are organizing large firms and agricultural combines. The republic cost-accounting cooperative association, "Uzbekistan," for the production, procurement, processing and trade of fruits and vegetables is already in operation. Such associations are being created in all oblasts. In solving the food problem we are also counting on trade-middleman cooperatives. Through our own efforts we are manufacturing lines for the processing of fruit and vegetables. But I think that the manufacture of such equipment must be quickly organized in the country's enterprises.

Until the year 2000 the republic has decided as a minimum to double the production of basic types of food. This will enable us to fully stop milk imports. However, the delivery of meat from the general union fund, despite the growth of the republic's own production, will have to be increased. Here, I think, everything is proper. After all, this is the essence of the efficient specialization and the inter-republic division of labor.

[Correspondent] So how shall we respond to the question, "Cotton or food?"

[Nishanov] In just one way—both cotton and food. Let us not forget that the Uzbek SSR is an integral part of a huge country. We must run our economy in a way that will be good for both ourselves and others.

## FORESTRY, TIMBER

### Nikonov on Future of Forestry, Environment

18240124 Moscow LESNAYA PROMYSHLENNOST in Russian 21 Jan 89 p 1

[Presentation by CPSU Secretary V. P. Nikonov at Session of State Committee on Forestry on 17 January in Moscow]

[Text] Dear comrades.

Recently there were oblast and kray party conferences. There is now a widespread election campaign. Working people are nominating their honest representatives as candidates for USSR peoples deputies. During the conferences, in the pre-election meetings and today at the committee session examining the draft Concepts for the development of forestry during the period up until 2005 there have been constructive, detailed discussions providing fundamental evaluations of what has been done and outlining specific paths for accelerating solutions to problems facing forestry.

In the perestroyka process, in a situation of general glasnost, people's thoughts have become more unfettered and free. People feel that they are the masters of their lives and have self-respect. Today it is possible for everyone to become an active participant in perestroyka and to move further along the path to renewing socialism and creating a law based state.

The Soviet people's attention is centered on three most important problems: food, housing and the supply of goods and services. You are directly participating in their solution and can substantially increase your contribution.

I have become closely acquainted with the Concepts for the development of forestry over almost the next 20 years. This is a serious and deeply thought-out document, by which you can measure your activities. In your hands is a forest stock totalling 56 percent of our country's vast territory. This is more than 1.2 billion hectares, 810 of which are covered with forest. However, this huge wealth is not fully used, to your dissatisfaction. Our indicators for products per hectare of forest, timber growth, comprehensiveness of processing are considerably behind countries such as Finland, Sweden, Canada and the U.S., countries with large forests.

We are not doing well with allowable cuts. There is overcutting of coniferous species and undercutting of softwood broad-leaved species. In general, a lot of trees are cut, but not much is made from them. For example, Americans make 76 tons of pulp from 1,000 cubic meters of timber, while we only make 16 tons.

The level of labor mechanization remains low. The sector does not have a good cost control mechanism, and cost savings are only limping along. Not enough consumer goods are produced and full use is not made of the potentials for developing subsidiary rural farms and collective gardening. Here you have a very big role.

One can also look at the draft to the Concepts from another angle. Twelve years ago we worked out the Basis for forest law in the USSR and the union republics. I headed the commission to prepare that law. The work was persistent, 20 deputies from the USSR Supreme Soviet and 80 consultants participating in it. The law was ratified, but poorly implemented. On some points the draft Concepts depart from the forest law. Here the



needed corrections should be made and the draft brought into accord with the Basis. One cannot permit ideas of a sectoral or departmental nature to have their way.

I join with those who talk of the need for the Concepts to more profoundly and fundamentally reflect the new economic relations in forest use. Above all, it is important to give a general description of relations between forestry and the forest industry. The forest which has been partially transferred and is continuing to be transferred to the use of the USSR Ministry of the Timber Industry has still not been leased to it. Before it is leased, it must be covered by a cadastral survey, and a mass of other indicators taken into account. It is necessary to accelerate the ratification of the decree on leasing forest resources.

We are also moving slowly in the development of cost accounting relations. For three years now work has been under way to introduce progressive forms for organizing labor and lease contract in agriculture, but in forestry one only sees a few signs of this movement. Although these are good and convincing examples they are not enough.

Recently I visited Smolensk Oblast and participated in the oblast party conference. During the week prior I became acquainted with enterprises in the oblast. I was in Vyazemskiy Rayon with forester Anatoliy Petrovich Sukhov. Things are going excellently with him. As a lessee, he signed a contract with a sovkhoz to produce 20,000 rubles worth of meat products. He instructed three young families and helped them repair dilapidated housing. There are already lessee cooperatives working in forestry as a main or as a subsidiary occupation. They keep rabbits, birds and bees and have 20 head of cattle on feed. Sukhov and his wife handle most of the work. He gives a considerable share of his profits to charitable purposes, including constructing a road to the village. Recently he cleaned up a graveyard for fallen soldiers. He lives well, materially and spiritually.

Lease contract in forestry should be supported in every way. Practical experience shows that the conversion to lease helps increase foresters' and forestry workers' earnings. The main thing is to solidly understand that we will achieve nothing until we pay labor for final results.

Furthermore, you give far too little attention to protective forestry. While during 1971-1975 there were more than 300,000 hectares of protection plantings in the country annually, in the draft to the Concepts average annual protection plantings will only reach 230,000 hectares. This is clearly insufficient. We now need erosion protection on 120 million hectares of arable land, 195 million hectares of pasture land and 80 million hectares of sandy land. Desertification is steadily advancing, up to 70 hectares a day, especially in Kazakhstan and the Central Asian republics. Agricultural experts and foresters should develop, for each region, a scientifically based program of agro-forest reclamation

of agricultural land. Top priority in erosion protection should be given to the chernozems and to ecological disaster zones. It is necessary to more energetically struggle against the huge number of gullies and to more boldly use progressive technology for the comprehensive reclamation development of gully and ravine land.

Heavy wheeled tractors such as the K-700 do considerable damage to forest soils. Therefore, it is necessary to use new types of tractors on rubber tracks, with ground pressure not exceeding 0.4-0.5 kilograms per square centimeter.

It is very important to economically use forests' food and feed resources, the potential of which is great, diverse and so far not really inventoried. According to approximate estimates, the reserves of wild growing raw materials are: fruits and berries—about 3.5 million tons, mushrooms—2-2.5 million tons, and about as many nuts. The reserves of accessible useful wild plants are estimated to be 2-3 fold lower, but annual harvests of cranberries, red bilberries and mushrooms only amount to about 1 percent (7,000 tons) of total accessible amounts, and those of nuts about 5 percent. For comparison, in neighboring Finland, each inhabitant annually collects up to 6 kilograms of berries and as many mushrooms.

Here is another example. You have probably heard about the Belorussian kolkhoz, Pobeda, in Brest Oblast. It has 40 mushroom processing units and 2 canning plants. Every year this kolkhoz processes and sells 800 tons of mushrooms, earning considerable income from this. Our entire sector, in which about 800,000 people are working, delivers only 4,000 tons of mushroom products annually. Look at medicinal plants. Just one small agrofirma, the "Dvina", with about 500 hectares in Vitebsk Oblast, intends this year to plant and process about 1,000 tons of plants to make an excellent herb tea. As you can see, much depends upon initiative and an entrepreneurial spirit.

In Osh Oblast, and in all of Kirgizia, there are excellent conditions for producing fruit containing more than 20 percent pectin. Dried apricots for canning plants are often imported from Turkey. We spend gold to import filberts to put in chocolates, even though we could reap a good harvest of nuts in the Central Asian republics by terracing mountain slopes in other regions. They could also be grown in other regions, even around Moscow (special varieties have been bred). Forest units now have 60,000 hectares of nut orchards. They intend to have 180,000 in 20 years. With excellent varieties of Persian walnuts and filberts, we could double the harvest. This must be included in the Concepts. It should be financed either through the state budget or by directly using Agroprombank resources.

I was pleased to hear the speech by Ye. I. Zelenko, chief forester in Krasnodar Kray, who proposed increasing the harvest of wild growing foods by 30 percent. Forestry



units now sell 5,000 tons of wild fruits to Austria and deliver sufficient amounts of this raw material to local confectionary enterprises to produce marmalade and pastila. In order to produce at least 5 kilograms of marmelade and pastila per capita, compared to the present 600 grams, the harvest of wild fruits must be doubled and tripled. This is completely realistic.

In short, use must be made of all possibilities to radically increase forestry's contribution to the Food Program.

There are clearly ways to do this. Unfortunately, there is still not enough active work to completely handle these tasks. This is our bitter truth. We have generally learned how to pose the problem, but unfortunately, we still have to learn how to grasp a problem in a goal-directed manner and work on it year after year.

With all my heart I wish forestry workers good health, a businesslike attitude, optimism and great success in all undertakings!



## GOODS PRODUCTION, DISTRIBUTION

### Biryukova Cites Tasks for Trade Sector

18270087 Moscow KOMMERCHESKIY VESTNIK in Russian No 6, Mar 89 pp 2-6

[Article by A. P. Biryukova, CPSU Central Committee Politburo candidate member, deputy chairman of the USSR Council of Ministers and chairman of the USSR Council of Ministers Bureau for Social Development: "Priority to Goods for the People"]

[Text] Along with the food and housing problems, the saturation of the market with consumer goods occupies a priority place in the social policy of the party and Soviet government. The people's standard of living, the balancing of financial incomes and commodity assets, and—this means—the stimulating role of an earned ruble depend directly on the solution of this task. The people's mood and their attitude toward party policy and restructuring depend on this in the final analysis.

Practical work to increase production, improve quality and expand the variety of consumer goods was actually expanded after the April 1985 CPSU Central Committee Plenum. The Complex Program for Expanding the Production of Consumer Goods and the Service Area During 1986-2000 was developed. Light industry was among the first five branches to be shifted to complete cost accounting and self-financing. Enterprises and scientific and design organizations in the defense and machine building complex were enlisted in the production of equipment for this branch. The participation of branches in the production of goods for the people—branches for whom this activity was not their typical one—was expanded. The 12th Five-Year Plan stipulated high rates of growth for the production of consumer items.

The 27th CPSU Congress pointed out that the insuring of radical improvements in this area requires a fundamental change in the attitude toward it by Soviet and economic agencies at the center and in the local areas and the constant attention of party committees and trade union organizations.

The carrying out of the mentioned measures led to definite positive changes. The output of all non-food goods during 1986-1988 increased by 30 billion rubles, including 10 billion rubles in light industry. The production of color television sets grew by 1.7 million items; washing machines—by 1 million; vacuum cleaners—by 0.7 million; tape recorders—by 0.9 million; knitted goods—by 156 million; and footwear—by 31 million pairs. Furniture production increased by 1.4 billion rubles; and household chemical goods—by more than one billion rubles. The increase in commodity turnover was more than 24 billion rubles last year alone.

All of the changes, which have been noted, have not removed the main problem: The supply of goods, as before, seriously lags behind the population's purchasing

power. Ever newer items fall into the ranks of scarce ones, including those which were in sufficient supply even recently, for example, laundry soap, washing powder and detergents. Does it seem that trade was concerned for a long time about what to do with the growing stocks of carpets, crystal and bed linens? Now, however, there are not enough of these items. People justifiably complain that they have to stand in line for hours to get many clothing items and footwear and that they spend weeks and months to acquire vacuum cleaners, television sets, other complicated household items, furniture, and many other items of everyday demand.

What is the trouble? Today, we—as is said—are reaping the fruits of the one-track orientation toward a preferential growth in the production of the means of production as compared with the production of consumer items—an orientation that is of many years standing and deeply rooted in our past. The outstripping growth of group "A" industrial branches over group "B" ones was proclaimed to be an immutable and objective law of a socialist economy. From five-year plan to five-year plan, the percentage of assets, which were allocated to expand the production of consumer items, decreased within the overall volume of capital investments. As a result, the share of the material base producing consumer goods is, today, disproportionately small in comparison with the country's industrial potential as a whole. For example, four percent of the entire industrial and production fixed capital falls to light industry, and six percent—to the food industry.

Today, we are also reaping the fruits of a protracted violation of the most important economic proportion—between the population's monetary income and its covering with goods and services that are paid for. During the 9th-11th five-year plans, the growth indicators for the population's monetary income regularly exceeded the increase in the delivery of consumer products and the providing of services that are paid for. As a result, the population's accumulation of unrealized monetary income—what economists call deferred demand—accelerated.

Unfortunately, we have still not managed to overcome the trend toward increasing the imbalance between the citizens' monetary incomes and their coverage with goods and services. During the current five-year plan, the population's monetary income grew more rapidly than was intended. During 1988 alone, its increase exceeded the planned one twofold. At the same time, fewer goods were produced during 1986-1988 than the annual plans called for and the state of affairs in the consumer market required. As a result, the unsatisfied demand for goods and services exceeds 70 billion rubles according to USSR State Committee for Statistics data.

The reduction in imports of non-food goods also had a negative impact on saturating the market. In comparison with 1985, it decreased more than 20 percent in 1988. The purchase of footwear was 20 million pairs fewer and almost three billion rubles less clothing and knitted products were procured.



The poor study of market conditions by economic and trade organizations and enterprises and their inability to forecast the changes in consumer demand, which were connected with the important decisions in the area of social policy, and the changes in the population's way of life also were reasons for the unsatisfied demand for a number of items. Take, for example, the present very acute shortage of furniture. It has primarily been caused by the fact that we are annually commissioning considerably more apartments than in previous years and that the construction of garden houses has acquired a massive scale. Speaking to the point, the present increasing demand for television sets, vacuum cleaners, refrigerators, and a number of other items is connected to no small degree with the appearance of a "second home" in many families. Ministries, departments and enterprises have been required to take timely steps to increase production capacities for these goods.

I will again mention one reason for the cause of shortages—rumors. From time to time, they embrace some region or other—like an epidemic—and even the country as a whole. Then, items, which were in sufficient supply before this, disappear in an instant from the store shelves. Only this explains, for example, the shortage of laundry soap and detergents. In 1988, an additional 10 percent, or 100,000 tons more of them, were delivered than in 1987; however, they purchased them not in pieces and packages but in whole cases. Naturally, industry was not able to satisfy the demand which had grown manifold. During the current year, the delivery of detergents is increasing another 120,000 tons.

Considering the urgency of the situation that has taken shape in the consumer market, the 19th All-Union Party Conference proposed the task of taking decisive steps to fundamentally improve the state of affairs in this regard. Its decision is regarded as a very important component of the sharp turn of the country's economy toward the individual, toward the direct and fuller satisfaction of his needs and demands and toward the insuring of a qualitatively new level for the people's prosperity—which is now occurring. This requires the carrying out of both current—aimed at a rapid return—and long term strategic measures.

The skillful use of the new economic mechanism and the improved interest of enterprises in increasing the production of items, which are needed by the population and which enjoy a demand in the market, is opening up large opportunities for solving the problem with goods. The experience, which has been acquired by branches working under full cost accounting and self-financing principles, convincingly testifies that those collectives, which add the second cost accounting model to their armory and which are actively introducing leasing and collective contracts, are achieving the best results. For example, the persistently high work results of Belorussian SSR light industry enterprises, which have already been working for more than two years using the second model, and a number of enterprises in other republics testify to this.

Enterprise directors, primary party and trade union organizations and labor collectives must display more enterprise and decisiveness in shifting to the new and advanced management forms. Soviet and party agencies have been called upon to provide every possible support to them in this matter.

An analysis shows that the present strain on the consumer market can be substantially lessened by a more effective use of the existing production potential. The USSR Council of Ministers has developed additional measures which permit producing during the present year goods worth 21.5 billion rubles more than in 1988; and 43.2 billion rubles—in 1990.

Thus, in comparison with last year, the output of television sets in 1989 will grow by 722,000 items; of refrigerators—by 349,000; of bicycles—by 313,000; of washing machines—by 975,000; of video recorders—by 47,000; of cotton fabric—by 337 million square meters; of knitted items—by 87 million items; of footwear—by 48 million pairs. The production of furniture will increase by 600 million rubles.

The government is persistently following a policy of involving all branches in the production of consumer goods. In order to practically insure priority for the production of cultural, welfare and household goods, a decision was adopted to include the entire amount of their output in the state order for 1989. In order to interest work collectives in adopting the strenuous state orders and their unconditional fulfillment, it was decided to leave up to an additional 10 percent of the profit allotted to the budget (for enterprises working in accordance with the second cost accounting model and up to three percent for cost accounting income) at the disposal of the enterprises.

As is known, the population's justified criticism is causing the washing away of inexpensive goods that are in demand, especially items for children, youth and the elderly. This is mainly connected with the fact that we have still not managed to insure equal profits for the production of any variety of items—expensive and inexpensive—within the framework of the new economic mechanism.

Considering the exceptional importance of satisfying the requirements of all population layers for good quality goods, including people with a low income level, it was decided to establish quotas for the most important groups of items for children and the elderly with socially low prices in the form of a state order relayed to light industry enterprises beginning in 1989. On the whole, state subsidies for these items will reach 4.3 billion rubles in 1989. The enterprises producing them will receive approximately an additional 800 million rubles for their funds.



Cooperatives are making an even more appreciable contribution to filling the market with goods. At the present time, 14,000 cooperatives or 22 percent of their total number are engaged in the production of goods; they produced products worth almost one billion rubles last year.

Nevertheless, the capabilities of the cooperative management form are still not being sufficiently used to satisfy the people's needs. Yes, and the prices for cooperative items and their quality are evoking quite a bit of criticism from the population.

In accordance with a CPSU Central Committee Politburo decision, suggestions to eliminate the shortcomings and negative trends, which have arisen in pricing practices, are being prepared in the USSR Council of Ministers. In particular, the strengthening of enterprise responsibility for an unjustified increase in the prices of goods, which do not satisfy quality and consumer characteristics, is being provided for. The use of temporary surcharges to the prices for items of improved quality with an "N" index and of contract prices is being regulated.

Measures are also being planned within the framework of the Law on the Cooperative System in the USSR to establish organizational and economic conditions for a further increase in the production and an improvement in the quality of products being produced by cooperatives and for bringing their prices closer to the state price level. Priority in material and technical supply and the granting of credit, tax and other benefits will be granted to those cooperatives which sell their products at prices that are no higher than state ones, fulfill state orders or work in accordance with a direct contract with state enterprises or organizations.

Without belittling the significance of all the mentioned measures, I want to emphasize that a path to a qualitatively new level for satisfying people's requirements for goods is unthinkable without carrying out a thorough structural reorganization of the entire material base for their production, using—I would say—a fundamentally new economic strategy that grants priority to the expansion of consumer goods production. We have begun perhaps the most important economic move in this direction in our country's history. A rate of growth in the production of consumer items, which is 2.3-fold higher than the rate of growth in the production of the means of production is planned for 1989.

One can clearly picture to oneself the scale of the coming work using the following examples. In order to reach a durable goods consumption level comparable to the level in industrially developed countries, we must increase in comparison with 1988 the production, for example, of television sets from 10 million to 15-16 million items, including color ones from six million to 10-12 million; refrigerators and freezers—from 6.2 million to 11-12 million; household sewing-machines—from 1.6 million

to 4.5 millions; and automobiles—from 1.3 million to 4-4.5 million. This means that, for example, in order to supply the automobile demand, another two-three works like VAZ [Volga Motor Vehicle Works] are required.

We are faced with organizing and expanding the production of fundamentally new goods that will embody the highest achievements of scientific and technical progress: video equipment, the latest generation of household radioelectronics, computers, and different types of everyday devices.

The solution of these large-scale tasks has begun. I would primarily like to mention the program for the technical re-equipping of light industry, which has been called upon to practically completely satisfy the Soviet people's need for clothing, footwear, leather and textile fancy goods, china and highly glazed pottery dishes, and other items of daily demand.

The USSR Council of Ministers has adopted a decision to direct approximately 20 billion rubles—almost three-fold more than in the present five-year plan—toward the technical re-equipping of the branch during the 13th Five-Year Plan. Despite the difficulties with foreign currency, the government has moved toward obtaining credits abroad for the purchase of modern efficient equipment and production processes and the construction of a number of important leather and footwear enterprises "at a boil."

The USSR Council of Minister has adopted an important program to increase the production of furniture during 1989-1995. Its output will grow almost twofold during the seven years. This will permit the population's and the social and cultural sphere's requirements to be almost completely satisfied.

Press articles, worker questions and labor collective discussions sometimes pose the question of whether or not it would be better to direct more foreign currency toward purchasing abroad the consumer goods which are so critically short today. We acted this way until recently, and that is why we are now encountering a shortage of consumer goods. If even half of those billions in foreign currency, which we spent to purchase consumer goods abroad during the Sixties, Seventies and the beginning of the Eighties, had been directed toward creating modern capacities for their construction, our consumer market situation would be considerably different.

I think that the priority, which we are giving in import policy to the purchase of equipment, is justified from the point of view of our long-range interests. Along with this, we have purchased and are continuing to purchase the most important—in a social respect—consumer goods.

We think that the redirection of existing enterprises and of those being built can do a great deal to accelerate the solving of the problem of goods. Today, this is perhaps



one of the most effective ways to use the potential of group "A" industry branches for the immediate satisfaction of the country's social needs.

This work is being expanded. The USSR Council of Ministers decision on redirecting a plant, which is being built in Yelabuga, to the production of inexpensive Oka fuel-efficient passenger cars has received a broad positive response from workers. Literally the other day, the government adopted a decision on redirecting approximately another 300 enterprises and workshops in the machine building, defense, construction, fuel and energy, and other national economic complexes to the production of goods for the people.

I want to emphasize that these are only the first steps. The USSR Council of Ministers Presidium has required the directors of union ministries and republic councils of ministers to continue the work to redirect enterprises toward the production of goods.

World and domestic experience irrefutably testifies that fundamental improvements in the production of cultural, welfare and household goods—especially, complicated everyday equipment—is not achievable today without setting up special production facilities equipped with efficient equipment and modern production processes. The production of consumer items requires the same sound approach and the same responsible attitude as the production of the means of production. It is very important that the directors of ministries, departments, enterprises, and associations; party committees; and primary party organizations follow more actively the policy of expanding special capacities to produce consumer items and prompting labor collectives to allocate the necessary assets from the development funds for these purposes. It is here that the key to solving the problem of increasing the production and improving the quality of goods lies today.

Unfortunately, life provides quite a few cases and examples that testify to the fact that many enterprises still regard the production of goods for the population as a secondary matter. Otherwise, what can explain the fact that the concluding of contracts for the delivery of non-food consumer goods to the trade network occurred with such difficulties during 1988 and 1989 and the fact that quite a few labor collectives refused to accept state orders for them in their plan? Based on the situation at the end of December 1988, enterprises in 34 industrial union ministries and departments had not concluded contracts worth almost seven billion rubles (nine percent of the estimate); for the USSR Ministry of Light Industry, it was almost 1.8 billion rubles (three percent).

One cannot agree in any way with such a position.

The Law on a State Enterprise not only grants labor collectives the right to develop and approve five-year and annual plans on their own, it also imposes on them the responsibility to satisfy the most important social

needs expressed in a state order and also the responsibility to realize the direct orders of consumers. The law emphasizes that the latter's requirements are binding on enterprises, and the complete and timely satisfaction of these requirements is the highest meaning and norm for the activity of each labor collective.

That is why one cannot fail to be disturbed by the fact that—in spite the law's letter and spirit—they are here and there stressing the rights of labor collectives and preferring to pass over their responsibilities in silence. When the collective interest is separated from the public interest, it gives birth to group egoism and to acting on the principle "I will only do that which is beneficial to me (or to us)." Like a boomerang, however, this principle strikes the one who is guided by it. Today, for example, if the workers in a machine building plant refuse to produce inexpensive children's bicycles, which are required by the people but which are not profitable for the enterprise, do they have a right to be indignant as consumers that there are not enough inexpensive men's suits on sale? You see, sewing industry workers have proceeded from the same considerations that the machine builders did. It is quite evident that such logic can only lead one into a blind alley. Along with this, it is also completely evident that this problem really exists and that we are faced with improving the economic mechanism so that enterprises will be economically interested in producing any product required by the people.

Soviet and party agencies and enterprise directors—jointly with primary party and trade union organizations and labor collective councils—should follow a policy of strictly fulfilling the requirements in the Law on a State Enterprise and see to the adoption and implementation of state orders for goods.

Having examined the state of affairs in concluding contracts for deliveries of non-food goods during 1989, the USSR Council of Ministers Presidium required the permanent agencies of the USSR Council of Ministers, ministries, USSR departments and the union republic councils of ministers to take immediate steps to complete the work of concluding contracts in strict compliance with the state orders established for 1989.

The radical restructuring of the management of the country's economy is shifting the center of gravity of all the practical work to satisfy the population's requirements for goods to the union republics, krais and oblasts. It is the union and autonomous republic councils of ministers and local soviet organs that have responsibility for achieving a balance between monetary income and expenditures and the satisfaction of the demand of their region's population for consumer goods and services that are paid for.

However, familiarization with the state of affairs in the local areas shows that here and there councils of peoples deputies are still timidly using the rights granted to them,



not properly realizing the potential of the union ministry enterprises located on their territory, and not mobilizing the capabilities of republic and local industry, the consumer cooperative system, kolkhoz and sovkhoz subsidiary production facilities, the folk handicraft system, and the cooperative system to increase the production of goods. Moreover, an alarming trend toward reducing the production of consumer goods per one ruble of the wage fund has been noted in many oblasts, for example, those in the RSFSR, Ukrainian SSR, Kazakh SSR, and several other republics.

As a recent USSR Council of Ministers Bureau for Social Development discussion on the work of the Uzbek SSR and Kirghiz SSR councils of ministers to produce these goods showed, a parasitic attitude and the desire to improve the situation in the consumer market by "knocking out" funds or importing goods from other regions instead of using the production potential of their republics and local raw material and labor resources to the maximum, are manifesting themselves even more noticeably.

Soviet and economic cadre must free themselves from such attitudes and use more effectively their own resources for increasing the production of goods for the population. Party committees have been called upon to monitor constantly the solution of this very important social and political task.

Increasing the production and improving the quality of goods are a task directly flowing from the party directives to strengthen the social direction of our development. The decisions, which have been adopted, are establishing the necessary production, financial, economic, and organizational preconditions for the Soviet people to become more rapidly aware of the positive changes in this area. The main thing now is persistent practical work to implement what has been planned.

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#### **Voronin Discusses 1989 Wholesale Trade Priorities**

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MATERIALNO-TEKHNICHESKOYE

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[Article by L. Voronin, deputy chairman, USSR Council of Ministers; chairman, USSR Gosnab: "Priorities of the Fourth Year of the Five-Year Plan"]

[Text] There has probably never before been such an interested and intensive discussion of economics questions in our country. It developed at the highest level—at the 27th CPSU Congress, at the 19th Party Conference, at plenums of the Central Committee. It touches literally all strata of the population and has become a dominant issue in the press, on radio and television.

The public's unflagging attention to economic problems is understandable and justifiable. The search for new forms and methods of management is a characteristic feature of contemporary economic life. This is a multi-level process that affects all phases of the system of management, all aspects of production activity and cooperative interrelations, and the interests of work collectives and individual workers. To a certain degree, the radical economic reform in its present state can be compared with the radical reconstruction of a vast production technology complex. The old equipment is being continuously dismantled, but new capacities have already been put into operation and others are in the adjustment stage.

Design blunders, faulty installation, and unforeseen complications and deformations are coming to light. Negative trends are being discovered side by side with positive advances.

Under these conditions, the most important thing is to bring the formulation of the strategy (and in some cases, tactics as well) of the practical realization of the indicated transition from the previous economic model to the new model to its logical conclusion in the course of the struggle for perestroika.

On the basis of our cumulative experience, we can say that the directions of the economic reform have for the most part been correctly chosen. What is more, practice convinces us that socioeconomic reforms can only be successful through the consistent implementation and intensification of the reform. Incidentally, no one calls it into question today. At the same time, as M. S. Gorbachev noted at the June (1988) Plenum of the CPSU Central Committee, "there is still resistance on the part of passive, conservative forces that would quietly like to put the brakes on the reform, that use the slightest opportunity, hitch or miscalculation that arise in its path." Such are the complex dialectics of social and economic relations with which we have entered the fourth and in many respects critical year of the 12th Five-Year Plan.

To what extent do all these trends and phenomena in economic life correlate with the state system of material-technical supply? I would answer this question as follows: most directly. We are the most important component part of the unified national economic mechanism. There are no zones or sectors of the economic reform that are not affected to a greater or lesser degree by USSR Gosnab and its territorial organs. Therefore every worker in our system today must find his place in the implementation of the party's economic modernization program and critically ask himself: what is my role in perestroika? He must not only correctly evaluate the situation and adapt himself to it, but must also actively influence the solution of the problems that the Nineteenth Party Conference has placed before us. The



authority of the system depends to a decisive degree on the degree to which we are successful in mastering the new methods and in restructuring our relations with enterprises.

# I

Wholesale trade in technical producer goods [*produkt-siya proizvodstvenno-tekhnicheskogo naznacheniya*] must become the *principium principiorum* of all activity in the state material-technical supply system in the foreseeable future. Without its active development, the introduction of effective economic accountability and real independence of work collectives will be impossible.

In the relatively brief time that has elapsed since the rebirth of wholesale trade, its volume has quadrupled—from 10 billion rubles in 1987 to 40 billion rubles according to preliminary data in 1988. The circle of customers acquiring resources without funds *fondy* and limits has been considerably expanded. A number of branches and regions have been converted entirely to fundless supply [*besfondovoye obespecheniye*].

Without exaggerating the significance of what has been achieved, it can be said today that although progress has been slow and arduous, matters are no longer at a standstill. We cannot yet say that the work is brisk, but it is based on perestroika. This in itself instills hope. However to say that the work is brisk is only the beginning of the thought process. It is not a final conclusion beyond which one need not look.

Nor can we fail to take into account facts of quite a different order. As yet a limited supply system is still in effect for most enterprises. The share of wholesale trade is less than 15 percent of the total volume of realization of technical producer goods. If progress continues at such a pace, the transition to wholesale trade may drag on for many years.

But the tasks that have been set for the branch are more than intensive. The government examined our proposals regarding the accelerated development of wholesale trade at the end of last year. They were approved without any particular commentary and have now become a concrete action program.

I will not now go into all the details and subtleties of the document, but the basic provisions merit attention. Briefly, the program is as follows: this year the scale of wholesale trade should be at least 115 billion rubles; in 1990—more than 200 billion rubles; in 1991, the national economy will be entirely converted to this form of material supply of the basic types of products.

This year will be critical for the development of wholesale trade. In addition to territorial supply organs, it will be joined directly by manufacturing enterprises. Over 70 billion rubles' worth of various kinds of materials and products will be transferred to them for independent

realization based on direct unlimited orders from customers and material-technical supply organs. This direction will subsequently become basic in the development of wholesale trade.

It is borne in mind that a large part of the output freely sold to enterprises will be sold on the basis of direct ties with customers. In 1990, it is estimated that the volume of these sales will be at least 90 billion rubles. What is more, a considerable part of these sales will take the form of the unlimited sale (acquisition) of products based on long-term economic contracts between enterprises.

Direct long-term economic relations will first of all be organized between enterprises with mass and large-series production and with a large and stable volume of consumption of material resources. These enterprises number slightly more than 3000. However they account for more than half of all industrial production. The problem is to give such enterprises the possibility of engaging in direct wholesale trade with one another without excessive regimentation and any kind of intermediation or outside intervention.

At the same time it is planned to expand the volume of wholesale trade through USSR Gosstab territorial organs to at least 70 billion rubles in 1990. They will purchase products wholesale from manufacturers and then sell them without limits to customers. Considering Estonia's experience, entire individual regions, especially those that are predominantly characterized by the warehouse form of supply, are converted to supply through wholesale trade. In 1989, all customers in Yakutiya, Tuva, in Magadan, Kamchatka, and Sakhalin oblasts, and construction organizations in Georgia, Azerbaijan, and Murmansk Oblast are being converted to supply through wholesale trade.

Particular attention is devoted to the creation of organizational conditions for the development of wholesale trade. USSR Gosstab is creating a computerized information system, the basis of which will be a single national commercial data bankruptcy and a network of regional commercial centers. Through these centers any enterprise will be able to obtain the necessary information on the technical parameters of products, their manufacturers and the possibility of acquisition, and of concluding an economic contract with a partner. They will now be created in 80 territorial organs of USSR Gosstab. By the end of the current year, they will number more than 150.

The organization of all-union and regional trade fairs for the sale of technical producer goods is specifically directed toward the development and increased effectiveness of direct ties between enterprises.

The improvement of the quality of customer services will be enhanced by the dramatic expansion of the network of wholesale trade stores: to 2500 in 1989 and 3500 in 1990



and the creation of supply-sales cooperatives under territorial organizations of USSR Gosstab. By the end of the current year, there will be at least 500 of them and in 1990—more than 1500.

Measures that are being undertaken to develop wholesale trade, even though they have produced their shoots in practice, are nevertheless largely oriented toward the future. But this does not mean that we today can contemplatively await future changes. The first and most important task is to make the transition from words to actions. We have everything we need for today. We have the necessary methodological documents even though some of them require finishing touches. Now it is important to make apt use of the existing potential, to transform wholesale trade into an effective means of expanding the initiative and independence of enterprises, into a powerful incentive for creating new economic relations in the national economy. I am not afraid of repeating myself: our main task for today is to make the transition from words to actions. This is how it was formulated by the 19th Party Conference.

Let us think about it. In the last year of the 12th Five-Year Plan, only 30 percent of the technical producer goods will be centrally distributed. Seventy percent will be distributed through wholesale trade channels. Will we be able to reach this level, which is vitally necessary for the actual implementation of the entire radical economic reform, if we do not begin to act energetically and consistently already today? But then we will also not find our place in the national economic mechanism which will simply forcibly reject us. Therefore, anyone who is not seriously engaged in wholesale trade now, who is not preparing for it organizationally and psychologically, will simply be out of it. Thus the next task is for everyone to find his place in this chain and in such a way that there would be no breaks.

It must obviously be said that many subdivisions in the system at the local level have had a creative, integrated approach to the problem. In such cases, the results are usually also good. The preparation of products for productive consumption and information centers are developing side by side with wholesale trade; wholesale trade fairs are being held. Nor is all that which we with a feeling of justifiable pride call the commercial aspects of our work standing still.

There are also examples in the central apparatus. We recently held a meeting at the Department of Components and Instruments. The discussion was long and frank. But if you occasionally feel nothing but bitterness and regret when you talk with your comrades, here there was no reason to lament the time spent. Already in 1959, more than 50 percent of the department's electrical equipment and instruments will be distributed through wholesale trade channels. It cannot be said that the collective thought up anything out of the ordinary. What is more, the plan that was shown to me was not without

flaws, not everything was the way one would like. Nevertheless, I walked away from the meeting—I am not afraid of lofty words—elated. People were thinking. They were keenly interested in the effort. They had amassed a certain amount of experience that could be drawn upon in the future, and this is the foundation of success.

But unfortunately we also have examples of another sort. Many of our comrades are fond of talking about wholesale trade. They willingly speak and write about it, but they are in no hurry to implement their ideas on a practical plane.

In order for territorial organs to develop wholesale trade successfully, they must be strong. Their strength, their muscles are progressive processing technologies, a modern warehouse system, and of course the necessary inventory of resources in the warehouses. But how strong are they?

Let us take warehouse inventories of technical producer goods. In February of last year, we examined the question in the USSR Gosstab collegium. In addition to positive facts, we also had to acknowledge the fact that we had not created the necessary level of inventories of rolled ferrous metals, pipe, construction materials, lumber, and certain types of chemical products. Certain territorial organs have not used their potential to accumulate the necessary resources by drawing upon above-normal inventories.

More than a year has elapsed since then. But for certain economic regions, we have to note the same shortcomings.

Or let us take a specific example. At the same time, Mosgorglavsna's work on the organization of wholesale trade was analyzed. At a sitting, it was noted that the main administration's existing system of organization of wholesale trade was cumbersome and ineffective. Long-term contracts were formal and were practically not used by the parties. Numerous instances of violations of the acceptance, formulation, and fulfillment of customers' orders and other shortcomings were discovered. Exhaustive evaluations and recommendations on eliminating them were given for all facts. But the main administration has not properly organized its work today.

Finally it should not be forgotten that wholesale trade in its present form will develop along many channels. But in order that it successfully follow just such a path, there must be joint coordinated efforts of many ministries and departments. Such coordination does not exist to date and some branches have simply allowed matter to follow their own course. Thus, some agroproms have not completed the formation of unified material-technical supply services at all levels of management and this is holding up its development as a



whole. Some rayon material-technical supply enterprises that have a good production base at their disposal are used to supply kolkhozes and sovkhozes even though practice suggests other solutions. The network of production services is very poorly developed.

Of course it is possible to confine one's remarks to the statement of the fact and to put a period here. But the logic of economic development dictates a completely different conclusion: that some gossnabs of union republics and main territorial administrations do not sufficiently coordinate the regional organization of wholesale trade and do not interact with material-technical supply services of other ministries and departments.

Many shortcomings unquestionably stem from the fact that we have set ourselves a fundamentally new task but do not immediately provide the mechanism for solving it. A certain degree of dualism in the present stage of perestroika also makes itself known: on the one hand, there is a radical break with old forms and methods of management while on the other it is necessary to fulfill the plan. Hence, routine business. But when you drown in routine business, you have no time for the future and for progressive technologies.

What should one do in such a complex situation? It is important to get one's bearings correctly. The last 2 years must be viewed from the standpoint of the implementation of the reform as a kind of transitional period making it possible by the beginning of the new five-year plan to get rid of the baggage of the old five-year plan and to make progress in resolving priority problems. Which ones? To put it briefly, in the time remaining we must make the transition from the limited distribution of technical producer goods to the ability to trade in them.

## II

We are now on the verge of creating a fundamentally new market—a producer goods market. This is a market of a special type—a socialist market. It is inconceivable without the close interaction of manufacturers, customers, and material-technical supply organs. It is impossible without the close integration of the interests of each work collective and the national economy as a whole. The necessary prerequisites have been created. The point is that all of us must now finally rid ourselves of hopelessly outmoded ideas and formulas such as "production for production's sake" and the "plan for the plan's sake."

In practice, this means for our organs above all the repudiation of existing mental stereotypes and the development of new conceptions about material supply based on the development of commercial principles in the work. We must firmly assimilate the fact that a service is the commodity the demand for which is in large measure determined by its quality. And if in the past, we struggled for the plan because of tradition, we must now learn to

struggle for the interests of the customer. It is not a simple matter to make such a commodity a high quality commodity because not everything here depends on our system.

The dramatic expansion of the boundaries of the enterprises' independence is the essence of changes in the economy and the basis of the economic reform. The scale of mandatory planning is restricted accordingly and work collectives are given a greater degree of independence in formulating their production programs. The share of state orders in the production of the majority of the most important types of products has been substantially reduced. In particular, state orders for machine building products have been reduced to 25 percent. The list of centrally distributed material resources has been reduced to one-tenth of the 1988 level (from 5000 to 500 group names) and the list of centrally distributed material resources has been shortened. The introduction of new statutes on deliveries of products and commodities has eliminated the excessive regulation of interrelations between enterprises and has created conditions for the independent resolution of problems connected with the conclusion and fulfillment of economic contracts.

All this makes new, considerably higher demands on the organization of planning, economic, and legal work at enterprises and substantially raises their responsibility for organizing rational economic relations, for identifying and satisfying demand for the products that are produced. The fulfillment of obligations to the customer will become the principal yardstick of the enterprise's activity.

It goes without saying that the work of each work collective in the single national economic complex has decisive influence not only on the activity of tens and hundreds of its *smezhniki* [factories producing parts for use by another], but ultimately in one way or another influences the rates and proportions of economic growth in general. Given the cooperative arrangement in production, every enterprise is inevitably both supplier and customer. And if it for some reason refuses to help its partner today and does not fulfill its obligations to this partner, it may find itself to be the injured party tomorrow. Economic practice convinces us of this every day.

It is sufficient to recall well known examples where the interruption of deliveries of components by one party results in enormous losses to the other. And they inevitably return to those who were the first to cause the interruption. This once again confirms the fact that there are no trifles in contractual relationships.

The significance of the precise, timely implementation of contract campaigns increases especially by virtue of the cardinal change in the planning procedure. It is being democratized in actual fact. Only yesterday the contract was concluded for plan targets that were assigned from above. Today, however, the sum of contracts concluded between enterprises is the basis of today's state plan.



They are the basis for determining the degree of satisfaction of society's needs and the degree of observance of national economic proportions. The state uses them as the basis for taking measures to attain balance in production and consumption, in demand and supply.

But our production relations and cooperative ties have unfortunately not reached a level where the concepts "honor of the firm," "honor of the enterprise," "duty," and "obligation" would become the norm of activity and would live together with defective goods, with interruptions of delivery schedules, and with backward technology. Economic relations have above all not matured to the level of such morality.

We still have occasion to speak of the incomplete or one-sided understanding of new economic trends by individual managers and enterprise work collective councils. Some of them try to reduce their own plan and thereby create prerequisites for profound structural national economic problems. Analysis of calculated balances for 1989 showed that the production volume is declining in the case of output not included in state orders. This includes goods the need for which was not satisfied in 1988. Here are concrete examples.

According to the 1988 plan, the "Sibtyazhmash" Plant was supposed to produce 880 cylindrical reducing gears while in the draft plan for 1989 it had only 380. It is easy to calculate that the final machine building product in which these reducing gears are used will be ten twenty-thirds of the required level. The Volgograd "Khimprom" Production Association plans to produce 10,000 fewer tons of calcium hypochlorite than in 1988. Since calcium hypochlorite is to a considerable degree used in sewage treatment plants, the ecological consequences are obvious. The Sverdlovsk Ceramics Plant plans to reduce its production of ceramic floor tiles by 390,000 m<sup>2</sup>; the Tselinograd Ceramics Combine—by 275,000 m<sup>2</sup>.

The production of products that are unprofitable to the producer but vitally essential to the national economy is frequently curtailed or even terminated entirely because of market conditions. Thus the "Dinamo" Association is reducing its production of crane electric motors by almost one-third. And yet the chair of producer cooperatives must not be broken. This is one of the fundamental principles of expanded reproduction. The country's crane inventory—this especially concerns tower cranes—needs to be replenished in short order and this requires electric motors from "Dinamo." The impetus of the interruptions for which the association is responsible threatens to be reflected in interrupted construction on the Kola Peninsula, in Turkmenia, in the Far East, and in Belorussia. But ministries whose main task is to satisfy the needs of the national economy are not taking the necessary measures.

Irresponsible decisions of individual managers also create needless difficulties in the implementation of the necessary measures to improve the well-being of Soviet

people. Thus Moscow Electromechanical Plant No 2 is cutting back its production of electric motors for home refrigerators by almost 100,000 units. The Novomoskovskoye "Orgsintez" Association is reducing its production of oxalic acid—which Tula Oblast urgently needs for the production of dyes for light industry and medical preparations—by 2000 tons. But after all, our goal is to satisfy the population's growing needs. And it is by no means accidental that enterprises in Group 'B' enterprises are scheduled to increase their output to a significantly greater degree than Group 'A' enterprises.

We also have another goal: to improve Soviet man's life through the construction of vacation cottages and garden structures. The decision has been made to allocate more than a million garden plots to the nation's citizens every year. However the Dnepropetrovsk Metalware Production Association and the Zaporozhye, Lepsinskisy (in Kazakhstan), and other metalware plants are planning to reduce the production of construction nails significantly.

It must be said that in our day the principles of reciprocal gain are a firm part of the basis of the interrelations between enterprises. The Law on the State Enterprise gives collectives every opportunity for business initiatives. However in some places it is replaced by the pursuit of narrow local interests, by the infringement of the rights of partners in the cooperative system.

Another example. The Kuybyshev "Volga" Sewing Production Association refused to extend existing economic relations on the grounds that the products are unprofitable. Overalls, which are in short supply, are produced in Kuybyshev. The RSFSR Ministry Local Industry has sanctioned the decision of its subordinate enterprise. However *arbitrazh* declared its actions incorrect and obligated it to prolong the contracts.

Unprofitable products are being "eroded" at many enterprises. In their economic and legal essence, such actions are equivalent to the attempt to obtain unjustified profit not connected with the actual contribution of work collectives to the end results. The higher costs resulting from technological backwardness, shortcomings in the organization of production, and mismanagement cannot serve as a justification. There are also attempts to bind oneself with the fewest possible obligations to the customer. They include hopes for the easy life, for undeserved additional payments to the material incentive fund for the "100 percent" fulfillment of contracts. However it should not be forgotten that centrally distributed material resources are allocated to the enterprise in strict accordance with the actually adopted production program that is supported by contracts.

The manufacturer is obligated to satisfy the customer's order if it conforms to the enterprise's area of specialization and if it is submitted with due regard to the time regard to formulate the production plan and to supply the required materials. Such is the demand of the Law and it must be unequivocally observed. No small part in



overcoming the monopolistic ambitions of individual enterprises must be played by ministries ably using economic levers in their hands and consistently and unequivocally implementing the provisions of the Law on the State Enterprise, and other legal norms. However not all heads of ministries and departments have as yet managed to subordinate their branch interests to national economic interests.

I have already cited many of these examples and thoughts in my appearance in PRAVDA. I do not conceal the fact that at that time I wanted—with the aid of the press—I would like to accelerate the prolongation of contracts since the significance of the timely and complete execution of this process to economic practice is difficult to exaggerate. I nevertheless consider it useful to return to it once more. But this time we should do so in order to understand and evaluate our own role and place in a most important national economic action.

In the course of the campaign in the central apparatus of USSR Gosnab and its territorial organs, special operational groups were created which, together with the ministries, rendered concrete assistance in concluding contracts and establishing direct economic relations between enterprises. In the center and at the local level, heads of ministries and enterprises regularly reported on the course of conclusions of contracts. Many regions of the nation have held wholesale trade fairs at which technical producer goods were sold.

Never before have we done anything similar. But from the standpoint of today's economic situation, such actions are not enough. We must inject commercialism into our activity and this requires engaging in unconventional activity. There is a need for new, out-of-the-ordinary ideas and actions corresponding to the qualitatively new structure of the presently-forming economy. Only by observing such fundamental conditions can our product—intermediary services—be awarded Quality Emblem and be cherished by the customer.

Specifically how can this situation be achieved? The same campaign revealed a number of enterprises that had successfully concluded contracts. Hence it is essential to create conditions that will make the producer keenly, boundlessly interested in the consumer, in the market. But numerous special problems stem from this.

One of them is the elimination of the producers' monopoly. We customarily associate with capitalism V. I. Lenin's remark that monopoly leads to decay. But for a long time we did not realize that it is difficult to find our kind of monopolization anywhere else. We are now becoming practically convinced that the socialist monopoly is the cause of considerable misfortune in the national economy. Here is an important source of negative phenomena in such spheres as price, product quality, scientific-technological progress, and material-technical supply. And as the high point and logical development of uncontrolled monopoly—total disdain for the customers' interests.

In order to interest the producer in the customer, it is also necessary to solve such important problems as the balance of means of payment with material resources, and, finally, the creation of an interconnected mechanism for managing the producer goods market with the aid of financial, credit and price policy.

Understandably, if we undertake to resolve such questions independently, solely through the efforts of USSR Gosnab, it will be better not to attempt this—we will not be able to resolve them. The cooperative efforts of producers, the banking system, financial and other organs are needed here.

Our interest sphere should also include questions that we have practically not addressed in the last 20 years: regulation of the producer goods market, the broad application of contract and commercial prices, credit, tax policy, customer solvency, and others.

But all this is "big politics." But what is to be done at the local level? The same thing: to develop initiative, to introduce new methods, organizational structures, and commerce. I do not want the following example to sound like criticism, but conclusions must be drawn from it. The heads of one of the subdivisions once addressed a request to me: order the customers to reckon with us, to transfer money to us, and to use our services. This after almost 4 years of perestroika! I cannot and do not want to order an unprofitable enterprise to become profitable or a useless enterprise to become useful. Not in our time. This is what I explained to the comrades. And, you know, it helped. Several weeks later they came in with good proposals on the creation of cooperatives, joint enterprises with other branches and foreign firms. This means that we can do it. The only thing is that we must not immobilize our initiative.

The organization of new structural forms and methods of management is a vital necessity to USSR Gosnab organs. It is hardly a secret to anyone that we are constantly criticized for the lack of paints and varnishes for the broad market. The criticism is just. Our inefficiency is to blame. We are not carrying matters to their logical conclusion.

We organize the production of paints and varnishes. The requirements and communications are also in our hands. The product is delivered to our warehouses, but its sale is in the hands of the Ministry of Trade! As a result, there are constant rows: why is the product available in one place and not in another? Why, strictly speaking, not take the entire process into our hands? The result will be good. Our inertness on such questions based on the principle—since we have not had this, we do not need this—is inadmissible today.



### III.

One of the most important directions of the radical economic reform is the change in our attitude toward resources. We have always unhesitatingly put our hand into nature's pantry and taken without restraint because it was there for the taking. But such a barbarous attitude toward national wealth cannot continue endlessly. Today we have to go farther, into virgin regions, for resources and their cost grows in direct proportion to mismanagement. An extremely alarming situation is developing. It is not so much a question of what to take, how much to take, how to take it, and at what price. The question must essentially be formulated as follows: either we will learn how to manage in the new way and to weigh every kilogram of metal or coal, every meter of pipe, every cubic meter of lumber, etc., on the scales of economy, or else our plans for the restructuring of society and the economy await very serious tests.

We saw the legitimacy of this approach in the process of drafting the State Plan for Economic and Social Development for the current year, when we became convinced once again that resource conservation will indeed become the main factor in the balance of the plan.

There is probably no need to cite statistics to show how wasteful we are in managing our economy. Such data are well known. We shall therefore dwell only on the most important among them. The material- and energy-intensiveness of national income is significantly higher than in the developed capitalist countries. Material costs occupy more than 50 percent of the nation's gross social product. We have one of the most material-intensive economies among the developed countries of the world.

In the central apparatus of USSR Gosnab and in the corresponding subdivisions of territorial organs at the local level, we talk a great deal about the need for greater resource conservation. In 3 years of the last five-year plan alone, the world has seen thick tomes containing all manner of measures and plans spelling out in detail who is to economize what within a given period of time. They look voluminous and impressive. But behind the impressive exterior, the most important thing is missing—unified and effective policy in the area of economic resources and the strategy of such work. The fundamental approach to problems of resource conservation is engulfed by billows of trivial subject matter.

What in my opinion should be done first of all? I would say that we should first of all abandon our preconceived notions regarding thrift. We traditionally seek ways in which producers and users of products can conserve products. We assign expenditure norms to them. We check on the way the products are stored in warehouses. We impose fines, etc. But all this is for every branch or even the individual enterprise without regard to the fact that the real saving is the result not of what lies on the surface, and that real paydirt can be struck only if the search is integrated.

Let us take any industrially developed country and see what the saving of metal is based on and how branches in them are organized. It turns out to be very simple. Machine builders usually dictate their policy to the metal workers and the latter produce what is expected of them. But in our country the principal paradox is that there are no real business contacts between the two giants on the main questions of technological progress. USSR Gosnab also stands aside from them. The result is that one branch is based on the imperfections of another.

In order to alter the situation we must orient the entire economic mechanism toward resource conservation so that resource conservation would benefit enterprises and organizations. There is no longer a need for inflated and "all-embracing" targets. Instead of all this, we must find such elements in the economic mechanism that would make it impossible to realize a profit without displaying a thrifty, rational attitude toward resources. Most important among them are the second model of economic accountability and the lease contract.

Practice shows that many enterprises at the present time are realizing an increase in profits primarily as a result of increasing production volume and higher contract prices. But this is not the track that can lead to the high road of resource conservation.

Increasing the volume of production is a traditional, and as experience has shown, marginally effective way of solving economic problems.

As regards jacked-up contract prices, here we obviously must not forget that price never originates and acts spontaneously. It is an integral part of the entire economy. It is an indicator of its state. And if price has for some reason crept upward, the first thing we should do is not rescind or revise it—this applies particularly to contract prices—but rather analyze the economic relations of which it is the result.

The second model of economic accountability orients enterprises toward completely different sources of profit—sources that include resource conservation as one of their integral parts. The principal efforts of specialists in the resource-saving complex of USSR Gosnab and the corresponding subdivisions in territorial organs should be directed here.

Within the framework of this cardinal problem, we must resolve a large number of very substantive questions. One of them is to see to it that industrial enterprises do not separate resource conservation from scientific-technological progress. We have no ready prescriptions. It cannot be introduced using force and peremptory methods. This means that we must once again seek the elements, levers, and stimuli that are able to get things moving.

Attention is also merited by such an untraditional aspect of our activity as working with designers, technologists, and other categories of engineering-technical personnel



at industrial enterprises. To date, there is not a single resource-supplying complex of the Committee and probably not a single subdivision of the territorial organs that influences scientific-technological progress in its branches or regions.

The development and widespread introduction of waste-free technologies are the decisive directions here. The contemporary level of science and technology makes it practically possible to realize this task, to secure the comprehensive utilization of raw materials and all material resources. Such technologies must mandatorily be included not only in the design of new enterprises but in the reconstruction of existing enterprises. However, the problem is being resolved at an extremely slow pace and our specialists do not appear to consider themselves to be involved in it even though their influence through the delivery mechanism, through commercial information centers, and through their direct impact on decisions and their participation in the work of the appropriate commissions and organs could be decisive.

Unless we introduce new materials into the national economy there is no point in talking about attaining the world level. We frequently encounter an awkward situation. In order to make a spurt and overtake the leading countries in some direction, we acquire licenses and expensive equipment for hard currency but when things reach the production, it turns out that we cannot use them to produce machinery because we lack the materials.

It is our misfortune that we are very slow in reacting to world trends toward change in the structure of production, that we are too conservative and sluggish. In my view, another major shortcoming in the organization of resource conservation is our armchair work style. Someone may object that our specialists are frequent visitors to the enterprises. That is so. But they are specifically visitors. You don't have to visit an enterprise if all you want to do is make the rounds of the shops, see what is being done badly and where, to levy a fine, and to sign an act or protocol. The purpose of visiting a plant is to analyze everything that is taking place at the plant and to make effective economic recommendations. If you ask specialists in the resource-saving complex how much time they spent last year in the "Moskabel" Production Association last year, they will at best say a maximum of 1 week. But they should spend at least half a year there. They cannot otherwise create resource-saving conditions. In Moscow, in any union republic capital, in any large or even medium-size industrial city, there is a proving ground on which the leading resource-saving models are checked out. But our personnel usually avoid these proving grounds.

Nor are our scientists in any hurry with recommendations and development efforts. VNIIR, our head institute in this area, is not making proposals on basic changes in the creation of the system for managing resource-saving in the system and in the nation. To date, it is only the *de jure* head institute but by no means the *de facto* head institute. At the behest of the Presidium of

the USSR Council of Ministers, USSR Gossnab is participating in the formulation of the national resource conservation program for the 13th Five-Year Plan and the period up to the year 2000. We will not move forward if it is based not on the economic mechanism but rather on old approaches to the problem. Managers and specialists in the corresponding central complexes and subdivisions in territorial organs must be entirely clear on these points.

And finally, there is one more aspect to the same problem. It is rightly said that before you can teach others, you must master the subject yourself. But how do we ourselves manage to take care of resources? Very poorly.

Goods awaiting shipment at many enterprises are frequently stored outside on the ground. Goods are constantly being re-graded. The grounds are not fenced in.

Of course, the lack of warehouse facilities is an objective factor. The situation is aggravated by the fact that we have established a large number of new main territorial administrations in which warehouses are either totally nonexistent or in a primitive state. We nevertheless resorted to such a step, realizing full well the kind of difficulties we would encounter. Now our most persistent attention must be devoted to this side of the work.

But the shortage of warehouse space is only half the problem. The real problem is that we occasionally do not properly manage what we have. Here is just one example.

We became interested in the way gasoline was being expended in the motor pools of our territorial organs. We found that recordkeeping on the expenditure of petroleum products at most of them was unsatisfactorily organized, that there were no weight-measuring instruments or calibration tables on storage tanks. Automotive fuel in a number of cases was written off as it was released from the warehouse without the confirmation of actual expenditure by commodity-transport documents. The result is the falsification of figures and the theft of state property.

As a result of the unsatisfactory condition of warehouse and filling station equipment, the absence of heated parking spaces and means for warming engines before starting in cold weather at inspected enterprises, 0.7 thousand tons of automotive fuel were expended unproductively.

I am far from suggesting slogans concerning the need to conserve and multiply resources. The time of appeals and slogans has passed. Nor do I intend to appeal to those who are not taking care of the people's wealth even though we reserve the right to call them to account for their mismanagement. I would recall something else: we are all being examined by economic accountability today and it is a very stern judge.



At the end of last year, we analyzed the reasons why our enterprises were operating at a loss. In comparison with 1985, their number declined from 100 to 46, but their share in the system dropped from 5.3 to 2.5 percent. These figures are not the important point.

It turned out that the main reason behind their unprofitable operation was the wasteful and careless attitude of some managers and work collectives toward the use of production capacities and labor and financial resources. And if we do not understand that there is an equal sign between our incomes and the ability to expend resources thriftily and economically, we will not pass the economic accountability exams. After all, we are all economists and economists know better than anyone that to realize good pay under present conditions, it is not enough not to be unprofitable, it is necessary to be a profitable and, still better, a highly profitable enterprise.

Unfortunately it must be said that many of our managers still give little thought to the problems that economic accountability places before each of us and before the branch as a whole. At a time when it is demanded that they feel the uniqueness of the moment and, even if they do not address the problem, that they seriously reflect on its conditions, they are trying to make it fit traditional thinking and management stereotypes.

In conclusion, I would like to repeat that the success of the radical economic reform depends in no small measure on the degree to which the state material-technical supply system is able to restructure its work and to create the necessary conditions for all links in the national economy, which in turn must be a flexible part of the changing economy.

Analyzing what has been done during the years of perestroika, we can say that we are on the right track because we have made real strides. We must now fully realize that the old views do not fit the new phenomena. Above all, we must not lose sight of the priority directions in the course of perestroika, we must not lose the trail, we must not expend our strength in vain. Costs in any new undertaking are inevitable. But our own experience has shown that decisive movement forward alone can eliminate questions that only yesterday seemed unsolvable.

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## PERSONAL INCOME, SAVINGS

**Readers' Letters Deplore Poverty Level Incomes**  
18280099 Moscow PRAVDA in Russian  
24 Mar 89 First Edition p 4

[Article by T. Samolis: "Poor People"]

[Text] "I am a war and labor veteran and have been a party member for 40 years. My pension totals 57 rubles. My husband died 5 years ago. I have no relatives and live

alone. Lately there has been a lot of talk about perestroika and we pensioners have begun to live many times worse. We have to pay for everything. I cannot even call an electrician to repair electric wires. I have no money to pay for repairs and my pension is not even enough to buy food. At times, I even sit at home hungry for several days. My shoes have fallen apart. At night when no one can see me, I go to the garbage can to see if maybe someone has thrown away old shoes. I find an empty bottle and I am glad: I will use it to buy bread tomorrow. I would go to work but I am ill and I can hardly walk even with a cane. They only remember us veterans on Victory Day but no one wants anything to do with how we live our everyday life. I sit here and wait for death..."

This is Leningrad resident A.I. Tumanova's bitter letter. And it is not the only one on the editorial staff's desks. I read, leaf through, and cannot lose a sense of guilt toward these people as if I see their sad eyes and work-weary hands and hear their spiritual hurt. I become sort of uncomfortable and even ashamed because I have a job, a salary, and because I am not alone in life.

For some reason, we rarely write about poor people—pensioners, labor veterans, invalids who live on minuscule allowances, and young families who can hardly make ends meet; there are quite a few of them in our country. There are 15 million pensioners whose pensions are less than 60 rubles per month. Ten million elderly people and invalids live completely alone. And how many children have been deprived of having someone their own age [to play with] in materially well-off families!

PRAVDA readers write about social inequality. On the one hand, the sluice-gates have been opened for socialist employers and home-bred millionaires, and on the other hand, the actual standard of living is falling, especially for poor citizens. "While my husband, a war invalid, was alive, we managed to make both ends meet somehow," writes Omsk resident A.I. Bakhtormina. "He died and they gave me a 45-ruble pension. This is not even enough for food. When they talk about the next price increases, I feel bad. How can I live?" "More than half of my salary goes for food, but I really have to clothe and buy shoes for myself and the children, too," I read in A.A. Grishina's letter from Ryazan.

Note that in these letters we are not talking about mink coats or about automobiles, and not about apartments in "prestigious" areas. These people are writing about the difficulties of their everyday lives and about how they have performed honest labor for many years: [They should be given] the money to go to the store and buy moderately-priced food and get needed medicine at the pharmacy if they are taken ill.

Who is guilty when the store shelves are empty and prices "gouge"? Here is a letter from M.V. Minina from Petrozavodsk and she gives a partial answer to this question. "A visit to the baths used to cost 20 kopeks and now the consumer services establishment



is transitioning to cost-accounting and the admission fee will be raised to 50 kopeks. In order for me, my two children, and my elderly mother to go there to take a bath, I need two rubles, and I, a maid, do not have a kopek to my name..."

"The unluckiest people were born in the years from 1905 to 1925," writes Ye. F. Savinov from Leningrad. "The Revolution, devastation, famine, repression, the Second World War and once again devastation. We devoted all of our efforts to rebuilding the national economy and then old age came. When we were working, salaries were small and therefore our pensions are also small. And now our money has been depreciated and you cannot live like a human being on a pension. We elderly people are squeezed everywhere: on the one hand, the cooperatives with their incredible prices, and on the other hand, the "N" trade mark and the secretly but steadily increasing State prices. Five years ago, I bought a suit for 82 rubles, and now the same suit but of poorer quality costs 176 rubles. The same thing has occurred with food. Honestly speaking, I sometimes do not want to live. It is even expensive to die in these times. Please forgive me, comrade editor, for such calculations but life is life and death is death. Not too long ago, coffins cost 40-65 rubles; now they have added a half-meter of velvet and they now cost 132 rubles 50 kopeks..."

"What do you think, how much does borshch now cost for one family?" asks O.P. Sherstyuk from the Donetsk Oblast. And he answers: "Potatoes, 1 ruble, 20 kopeks; cabbage, 1 ruble, 40 kopeks; a bunch of parsley, fifty kopeks and the same for 3 onions; two carrots, 30 kopeks; 200 grams of beets, 60 kopeks; a small jar of tomato paste, 50 kopeks; meat from a kilogram of bones, 2 rubles. In all, 7 rubles per day for a family of 3 to 4 people. I have a college education and receive an 80-ruble pension. I have to pay for my apartment and electricity and also need money for similar expenses. The way things turn out I can only allow myself to have good borshch on the major holidays."

It is difficult to read such letters to the editor. With your mind you understand that socialism is not a wage-equalizer and people must be paid for their labor and live according to the contribution of each to the common cause. But that is a sort of declaration. In life, each knows that not everyone always receives according to his labor and lives according to his means. The least protected portion of society—the poor, low wage earners, the elderly, children, and families without fathers—suffer most of all.

The cost of living is rising. How does one go on living? people ask us who we are embarrassed for some reason to call poor. But they exist, they are right alongside us, and society is obligated to help them: in a socialist state, all citizens must be socially protected and provided with the minimal means for a poverty-free existence. I have been working with readers' letters for a long time and have encountered the most varied [types] among them, from

grand policy to petty slander, but honestly, I have not had to read that a person did not have the money to go to the baths, to cook borshch, or to buy medicine, until now. It is hard for me to comment on these letters and it is even harder to offer advice on how to manage to live on a small pension or stipend. Poor people have not wronged society in any way, they have labored honestly, and have defended the Motherland with honor.

"Today the war generation is getting a deserved rest; those who did not see the joy of life before the war, tied themselves into the harness of restoration work after the war, and did not die before receiving a pension. Do millions of pensioners, [while enjoying] the good life, actually beg us to give them the opportunity to work a bit more and not limit their earnings? Ask those who still have the strength to work and the majority of them would work until the end. Are we really so destitute that we cannot create tolerable conditions for the [war's] victors who think about their last day with horror because throughout their lives they could not even accumulate a little bit for their funeral? Why do we find billions for great structures, grand projects, and space journeys of all peoples and nationalities that no one needs? Why do people who have brought the country to this state, the Kaganoviches, Grishins, Medunovs and others like them, live differently and not on a 50-ruble pension? I am deeply convinced that this has nothing to do with the State's poverty but with the poverty of our morals and dishonesty for our parents' and our own affairs. I am not suggesting specific cures; I simply want my voice to be heard by today's candidates for deputy in the USSR Supreme Soviet, those who tomorrow will determine the country's life." These are lines from Moscow resident V. Mironov's letter. Honestly speaking, I would sign my name below his.

Perestroika has established a major goal—to raise the people to a new, higher standard of living and to give each man the means to finally feel like a man. To each [man]! And to those who are full of strength and to those who have already given all of their strength to the factory, to their home and to their family. How do we help them right now without waiting for when the plans intended for the distant future are carried out?

The authors of the letters themselves have generally provided the answers. Limit prices on vital food and manufactured necessities. Determine pensions while taking changing price indexes into account; in other words, adjust pensions [to provide] the minimum needed to live. Immediately cancel all State post-war loans. Open special stores where people with modest incomes can purchase cheap food and manufactured goods. Remove "ceilings" limiting the salaries of working pensioners.



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## **99 CONSUMER GOODS, DOMESTIC TRADE**

And one more thing: once and for all denounce the wanton practice of wasting billions of rubles on dubious and thoughtless projects and the construction of expensive "show" castles. Send the released money to children's homes, homes for the elderly, and hospitals.

In closing, I would like to add to what has already been said: Let the appeal of these people to PRAVDA be a mandate to the peoples deputies who we are electing to the highest agency of the nation's government. Let them be governmentally and humanely charitable.



**AUCCTU Chairman Shalayev's Plenum Report**  
*18280066 Moscow TRUD in Russian 19 Jan 89 pp 1-2*

[Report on the AUCCTU Plenum; report of S. A. Shalayev, AACCTU chairman: "On the Nomination of Candidates to People's Deputies of the USSR from the Trade Unions of the USSR. On the Pre-Election Platform of the Soviet Trade Unions"]

[Text] Yesterday the 4th AUCCTU Plenum began its work in Moscow.

The following questions were submitted for consideration of the plenum: "On the Nomination of Candidates to People's Deputies of the USSR from the Trade Unions of the USSR," "On the Pre-Election Platform of the Soviet Trade Unions," and "On the Terms and Procedure for the Conduct of Elections of the People's Deputies of the USSR from the Trade Unions of the USSR." These questions were addressed by AUCCTU chairman, S. A. Shalayev, in his report.

The participants of the plenum were given the possibility of becoming acquainted beforehand with the suggestions for the nomination of candidates for people's deputies of the USSR, with the draft of the pre-election platform of the Soviet trade unions, and with the information about the work of the AUCCTU after the 18th USSR Trade Union Congress.

The following took part in the discussion of the report: The chairman of the Moldavian Republic Council of Trade Unions, G. I. Yeremey; the chairman of the Central Committee of the Trade Union of Workers in the Textile and Light Industry, M. V. Ikharlova; the operator of the crude steel shop of the Nizhnetagil'skiy Metallurgical Combine imeni V. I. Lenin, S. T. Melekhin; the secretary of the Ukrainian Republic Council of Trade Unions, S. S. Yevtushenko; the secretary of the Uzbek Republic Council of Trade Unions, O. K.-S. Adamanov; the chairman of the Central Committee of the Workers of the Coal Industry, M. A. Srebnyy; the chairman of the Murmansk Oblast Trade Union of Medical Workers, L. I. Novak; and the chairman of the Central Committee of the Workers of Heavy Machine Building, N. I. Zinovyev.

The participants of the plenum discussed the candidates recommended by the councils and the central committees of the trade unions for nomination as candidates for people's deputies of the USSR from the trade unions of the USSR. More than 60 people took part in the discussion. Many of those whose candidacies were examined during the nomination were asked questions and were invited to tell about their position in restructuring, in concrete results of the work.

The Plenum nominated 114 candidates for people's deputies of the USSR from the professional unions of the USSR. In accordance with the established procedure,

they will be presented for registration in the Election Commission for Elections of People's Deputies of the USSR from the Trade Unions of the USSR.

The plenum adopted the decree "On the Terms and Procedure for the Conduct of Elections of People's Deputies of the USSR from the Trade Unions of the USSR."

The chairman of the Central Election Commission for Elections of People's Deputies of the USSR, V. P. Orlov, and the sector chief of the Department of Party Construction and Cadre Work of the CPSU Central Committee, V. G. Fedorov.

Today the AUCCTU Plenum will continue its work.

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On the Nomination of Candidates for People's Deputies of the USSR from the Trade Unions of the USSR. On the Pre-Election Platform of the Soviet Trade Unions. Report of the AUCCTU Chairman, S. A. Shalayev.

Comrades!

Today the AUCCTU Plenum for the first time is faced with realizing its new constitutional right to nominate candidates for people's deputies of the USSR from the trade unions of the country, to present the nominated candidates for registration to the Election Commission for Elections of People's Deputies of the USSR from the Trade Unions, and to formulate the pre-election platform of the Soviet trade unions. Thereby we already are practical use of one of the most important and effective measures of direct participation of the trade unions in the reform of the political system of our society, which is being implemented in accordance with the decisions of the 19th All-Union Party Conference and the July (1988) CPSU Central Committee Plenum.

As is well known, the conference set the task of including, not in words but in deed, millions upon millions of workers in the government of the country, to open up maximum scope for the processes of self-regulation and self-government of society, to create conditions for the full development of the initiative of citizens, the representative organs of power, the party and public organizations.

In the decisions of the conference it is indicated that, in the political process of the all-people's state system, the correct distribution of power between the basic links of the political system, and, first of all, between the party and the state, and the precise delimitation of the functions of party and state organs, are of fundamental significance.

With all acuteness, the task is set to resurrect the sovereignty of the Soviets of People's Deputies, to expand and deepen their legislative, managerial and control functions, so that not a single state, economic or social question is solved apart from the Soviets.



The public organizations of the country—the trade unions, the Komsomol, women's and other organizations expressing the interests of various strata of society—are called upon to make their activity more intensive, to include more energetically their creative potential in the process of restructuring, and to increase the contribution to the revolutionary renewal of society.

All of these measures are called upon to return to socialism its democratic, humane essence, to overcome the alienation of the mass of workers from government, and to secure their practical and wide participation in the decision of all state and public affairs.

Not having decided this task, not having changed anything in politics, it was underscored at the party conference, it is impossible to correct the state of affairs in the economy. This is convincingly indicated by our own historical experience, which in the past undertook repeated and unsuccessful attempts to give the economy a more dynamic character.

Taking into account the exceptional complexity of the tasks and the enormous work volume that lies ahead, the party considered it expedient to carry out the political in several stages.

The basic content of the first stage is the renewal of the structure of the Soviets, the procedure of the formation and the activity of the supreme organs of power and the election system. These questions were reviewed at the extraordinary 12th session of the USSR Supreme Soviet, which confirmed the USSR laws on changes and supplements to the USSR Constitution and on the elections of people's deputies of the USSR.

Subsequently the political transformations will be linked with the harmonization of the relations between the Union of Soviet Socialist Republics and the republics that go to make it up, with the questions of the status of the union republics, the expansion of their rights and possibilities in the political, socio-economic and cultural life, and the consolidation, on this basis, of our entire federative socialist state.

Still another phase will be the reorganization of government in the provinces and the resurrection of the sovereign organs of popular self-government. Elections to the local Soviets on the basis of the new election system are planned for the end of 1989. Within the framework of the political reform, a profound restructuring of the judicial and legal system lies ahead, as well as the solution of other questions connected with the formation of the socialist rule-of-law state.

Comrades! The radical reform of the political system and each one of its stages have a profound effect on the position of the trade unions. As all the other public organizations of the country, they are searching today for ways of intensifying their activity and the increase of their contribution to the revolutionary renewal of society.

You are familiar with the measures that are being undertaken in this direction. They are determined by the decisions of the 18th Congress of the USSR Trade Unions and the 2nd and 3rd AUCCTU plenums. Their chief goal, figuratively speaking, is to increase the fighting capacity of the trade unions in the formulation and solution of the questions that are most fundamental and vitally important for the workers, especially in social development and in the protection of their legal rights and interests.

From these positions, we submitted proposals on a whole series of questions to the directive organs, questions connected with the realization of the economic reform, the social security of the workers, the improvement of labor legislation, and took an active part in the development of the national economic plans for 1989 and 1990, as well as the conception of the economic and social development of the country for the period to the year 2005.

There has been some intensification in the law-defending role of the soviets and the trade union committees. The new forms of cultural services and educational work, especially among young people, are forcing their way, though with difficulty and not everywhere.

Soviet people have welcomed with satisfaction the measures adopted by the trade unions during the past months with respect to the revival of mass workers' control over the work of the enterprises of trade, public catering, and consumer services of the population.

The abolition of the excessive centralization of rights, the transfer of a significant part of them to the trade unions at the local level, the democratization of elections to the trade union organs, the regulating of the structure, and the reduction of the staffs of the paid trade union apparatus have laid the basis for the process of the democratization of trade union life itself.

At the same time, the observation about the fact that restructuring is proceeding slowly and painfully in the public organizations, which was made at the 19th All-Union Party Conference, fully pertains to the trade unions. The workers justly criticize us for still inadequate activity, especially in the solution of social problems and demand from the trade union organs that they get rid of these shortcomings as quickly and resolutely as possible.

In its Appeal to the party and to the Soviet people, the CPSU Central Committee calls upon the trade unions to develop in every conceivable manner public independent activity and civic movement in support of the ideas of restructuring, in the name of the interests of the people and the goals of socialism.

As you know, the laws adopted at the extraordinary 12th session of the USSR Supreme Soviet on changes and additions to the USSR Constitution and on the elections



of the people's deputies of the USSR envisage that the trade unions of the country now have the right to the election of 100 people's deputies of the USSR.

Direct representation in the highest organs of state power creates for the trade unions great possibilities for the increase of their entire activity, for more effective participation in the formation of the policy of the state, and thus increases their role in the political system of society. At the same time, this imposes on the trade unions new obligations and high responsibility for the solution, in the country's Supreme Soviet, of questions that touch on the interests of the 140 million members of the trade unions.

The party, the labor collectives, the trade union members, and all voters have the right to expect that the people's deputies from the trade unions will make an independent contribution to the development of the socio-economic course of the country and to the formation of domestic and foreign policy, and that they will properly represent and defend the social and spiritual needs of the workers, peasants, the intelligentsia, the young people, the veterans of war and labor, and all strata of our society, nationality and local, as well as nationwide interests.

The significance of straightforward and direct representation of the trade unions in the Soviets of People's Deputies is growing many times over in connection with the fact that the character of the activity of the Soviets itself is changing fundamentally.

The USSR Constitution has now assigned to the Congress of People's Deputies the commanding right in the solution of all questions of the country's state life, the USSR Supreme Court has been given the possibility of organizing the work of the people's deputies in such a way as for them to take into their hands the development of the necessary laws, to exercise control over the execution of the state budget, to check on the work of the ministries and departments, to exert an active influence on them, to hear reports of the government, to conduct constitutional supervision and to decisively re-establish justice in cases of its [the constitution's] violation.

All of this determines the high demands by which we are obliged to be guided in the formation of the deputy body of the trade unions.

Today at the plenum we are faced with the nomination of candidates for people's deputies. But the collective counsel with the members of the trade unions on this question began much earlier. As you know, the Election Commission turned to the trade union organizations and the elected trade union organs with the request to make proposals for candidacies. In so doing, no orders of any kind from above limiting the rights of the primary organizations were established. Every member of the trade union, every primary organization had the possibility of introducing their proposals. More than 66,000

trade unions meetings were held, in which trade union members named 18,400 of their comrades worthy of nomination as candidates for the country's people's deputies from the trade unions.

The proposals of the primary organizations were collectively discussed in the trade union organs of all levels. Plenums or expanded sessions of presidiums of the absolute majority of oblast, kray, and republic committees, and all trade union councils and central committees were held. Here, in a free and open atmosphere, opinions were expressed on the future candidates, their practical and moral-political qualities were compared, that is, on a genuinely democratic basis and in conditions of broad glasnost, the competitive selection of the most worthy candidacies was conducted. In some places, perhaps, because of the limited time available, a certain haste was permitted, but it must be underscored (and this is very important) that not a single proposal remained unexamined.

Every trade union organ, highly assessing all the candidacies proposed by the primary organizations, not only strove to submit the most worthy candidacies to the next level of discussion, but also took into account the real possibilities since the trade unions can elect 100 deputies, and no more. For example, in the central committees of the trade unions in the working groups and commissions created from the members of the elected trade union organs, and expanded sessions of the presidiums and plenums, more than 1,000 candidacies were examined.

Undoubtedly, all the comrades, whose names were proposed by the primary party organizations in the pre-election campaign, are the best of the best in their collectives. These are real leaders, who enjoy the unconditional respect and great support of their comrades, capable of fighting for the renewal of our life.

For this reason, the task of every trade union organ—from the trade union committee to the AUCCTU—is to treat these people attentively, not to perplex them, to involve them in active public work in the trade unions, to include them in the membership of the permanent commissions, to make use of the influx of these fresh forces for the acceleration of the restructuring of trade union work, and to regard them as a real reserve for promotion to trade union work. Obviously, these comrades can be regarded also as candidates of the trade unions for election to the Soviets of People's Deputies of other levels. All in all, 204 candidacies were received in the AUCCTU from the central committees and trade union councils. You have the list of these candidacies and their references in your hands.

The AUCCTU Presidium reviewed them with the participation of representatives of the central committees, the republic and many oblast and kray trade union councils in the most careful manner and, as the result of



extensive and democratic discussion, submits for discussion of the AUCCTU Plenum proposals for 116 candidates for people's deputies of the USSR from the country's trade unions. You have this list as well. Since the participants of the plenum have the necessary materials about the candidates in their hands, allow me to dwell only on their basic characteristics.

Among the nominated candidacies, there are representatives of all industrial trade unions, as well as the trade union organizations of all the union republics; 64.7 percent, or practically two-thirds of the comrades, represent directly the labor collectives of enterprises and organizations and primary trade union organizations.

Among them are 44 leading workers and kolkhoz farmers who not only work selflessly in production, but have also proved their worth in active public work in the trade unions. The majority of them has been elected to central, republic and local trade union organs.

Outstanding figures of science and culture and the managers of enterprises that are well known in the country were named as possible candidates for people's deputies from the trade unions. 13 chairmen of trade union committees are being nominated as candidates for people's deputies of the USSR.

37 people of the candidacies submitted for review of the plenum are leaders of trade union organs of the middle link, oblast, kray and republic councils, and central trade union committees. It is proposed to nominate four candidates for deputy, equally as many as there were deputy mandates in the past.

As has already been said, every one of these candidacies went through discussion and received the confidence of all links of the trade unions, beginning with the primary organization. And all the same, the participants of the present plenum have the last word since, in accordance with Article 39 of the Law on Elections of People's Deputies of the USSR, the nomination of candidates from the trade unions must be effected at the AUCCTU Plenum. For this reason, every participant of the plenum retains the right to nominate as candidate for deputy any candidacy, including his own, to discuss, support, or reject the proposed candidacies. Taking into consideration the opinions expressed during the preceding stages of the discussion, we will have to examine the candidacies thoroughly. The trade union organs, which have submitted proposals concerning these comrades to the AUCCTU, have presented detailed references on them. If questions arise during the discussion, the leaders of the central committees and the trade unions that nominated them are able to answer these questions. Many of the future candidates are present here themselves.

The main thing is that the candidates nominated for people's deputy of the USSR from the trade unions highly-skilled, principled and persistent people, capable of conducting serious political work on a state-wide level.

Comrades!

The draft of the pre-election platform of the Soviet trade unions has been presented for your examination.

Proposals concerning the necessity of developing and publishing such a document have been expressed everywhere. It was correctly noted that all members of the trade unions have the right to know with what program of demands on the highest organ of state power, which is being newly formed, the trade unions will come forward, in what their order consists to those who are nominated by the trade union organizations, the industrial and territorial inter-union trade union organs as their candidates for people's deputies of the USSR, what part the trade unions will take in the solution of the economic and social problems that are most important for the workers and for the entire Soviet people.

Of course, even today the trade unions have basic reference points in these questions. They were formulated in the decisions of the 18th USSR Trade Union Congress and the 2nd and 3rd AUCCTU plenums. At the same time, the practice of direct participation in restructuring, which is taking on an increasingly broad scope and a genuinely revolutionary character with every day, and the new possibilities in connection with the cardinal reform of the political system that has begun, obligate the trade unions to take a more active and effective position on a whole number of questions of social development, to define more precisely their tactical tasks, if one can put it this way.

In the development of the draft platform, numerous proposals were taken into consideration that were introduced by trade union members during the nominations for people's deputies of the USSR, and their orders. The draft was discussed in detail by the AUCCTU commissions, in many plenums and expanded presidiums of the central committees of the trade unions. The observations submitted by them were examined by the AUCCTU Presidium.

In the course of this broad referendum, all of its participants once again with all resoluteness supported restructuring, its further intensification in accordance with the decisions of the 19th All-Union Party Conference, the imparting of an irreversible character to restructuring, the active participation of trade unions in it, the fact that, in the impending elections to people's deputies of the USSR, the Soviet trade unions should come out in unity with the Communist Party, as its active assistants in the reconstruction of our society in accordance with the Leninism principles of socialism. And we suggest that this must, above all, be indicated with all definiteness in the pre-election platform of the trade unions.

We should express as much decisive support in regard to the planned measures for the restoration of the sovereignty of the Soviets of People's Deputies. The trade union organizations, too, suffered from the fact that up



to now the Soviets have been deprived of such sovereignty. For the most part, their cooperation had a symbolic character, it could not be constructive and effective because of the virtual lack of rights of the Soviets, especially in social questions.

In coming out in favor of sovereign, active Soviets, the trade unions would like to build their relations with them and with all state organs on the principles of equal and independent partnership. We will try to achieve that this situation find reflection also in the law on the rights of trade unions.

In the pre-election platform, we should obviously speak about the firm resolve of the trade unions to develop, in the future, too, the cooperation with the Komsomol, the women's, veterans', and all other public organizations and movements, to promote their activity, since it serves the cause of socialist renewal and restructuring. At the same time, all voters should know that the trade unions will never support anti-socialist, anti-perestroika sentiments and actions, regardless of their source and cover phrase.

It will be correct if in their pre-election document the trade unions will express their respectful attitude to nationality interests and the dignity of every nation and nationality and actively support the broad program for the improvement of inter-nationality relations outlined by the party, including with respect to a significant expansion of the rights of the union republics and the strengthening of their sovereignty in accordance with the principle: A strong union is a strong center and strong republics.

The events of the recent past have shown that the trade unions must be significantly more active in carrying out their work aimed at strengthening the strengthening of the friendship of the peoples of the USSR and must make better use of their inter-nationality nature for these purposes. As no other public organization, our trade unions unite in their ranks practically all workers of all of the country's nationalities, unite them within the framework of the labor collectives, and protect their labor rights.

The high and genuine internationalism of the workers and all Soviet people was manifested in the most striking manner and with special force in connection with the earthquake in Armenia. The entire Soviet people perceived as its own the disaster that befell the inhabitants of the fraternal republic and came to their assistance. At present, there is practically no labor collective in our country and no labor organization which, in one form or another, did not respond to this tragedy and did not take part in the collection of funds, warm clothing, and food products for the victims. Soviet people expressed their willingness to accept them in their homes, their families. Throughout the entire country, upon the appeal of the AUCCTU, subbotniki were held in enterprises, the funds from which were credited to a checking account, whose number—700412—became literally a symbol of mercy and humanism. The creative collectives of the country, the workers in literature and art, made their

contribution to the assistance fund. Tens of thousands of Soviet citizens manifested a high level of consciousness and humaneness, having cut short their treatment and rest in order to free places in trade union health resorts for those evacuated from the regions of the disaster. In our sanatorium-health resort and tourist institutions, about 70,000 of those evacuated found shelter. They were supplied with free food and clothing. The school children continue to be instructed in their native language. For children of pre-school age, kindergartens and day nurseries were organized.

All in all, through evacuation points organized by the trade unions, approximately 120,000 children, women, and old men from the regions of Armenia that suffered during the earthquake were evacuated. More than 270 million rubles were allotted by the trade unions from their budget and from the social insurance budget for the extension of assistance through trade union funds, for the giving out of one-time state grants, and for the maintenance of victims in our health resorts. At the present time, we are continuing our work with respect to the extension of further assistance to the victims of the earthquake through trade union efforts forces funds.

The Central Committee of the party has approved these humane efforts of the Soviet trade unions.

As you know, the peoples of the entire world, including the trade unions of foreign countries, responded to the disaster that befell Armenia.

Making use of the occasion, we would like, on behalf of the AUCCTU and on your behalf, comrades, to express warm gratitude to all trade union organizations of the country, to the Soviet people, and to our foreign friends, for such unanimous manifestation of international feelings, for the assistance to the Armenian people, and to all those who proved to be in a difficult situation because of the natural disaster.

Comrades!

In the draft of the document submitted for your examination, the position of the trade unions is formulated with respect to the most important questions of the socio-economic development of the contemporary stage of restructuring and the stages lying ahead, full support is expressed for the economic strategy of the party and for the policy aimed at the social reorientation of the economy which it is pursuing.

This policy corresponds to the deep aspirations of our entire people.

As a result of the measures that have been taken, certain positive results have already been achieved. Greater dynamism has been imparted to the economy. During the past year, the national income increased by 4.4 percent as against 3.2 percent during 1986-1987. It is very important that this entire increase was secured



through the increase in labor productivity. The broad introduction of the principles of cost accounting and self-financing in the sphere of production has begun. Progressive forms of labor organization are being developed on the basis of the lease and the collective contract.

All of this made it possible during the past year to direct large funds to the satisfaction of the social needs of Soviet people. The share of the national income utilized for consumption and non-productive construction (housing, social, cultural and everyday projects) during the past year came to 83 percent as against 79 percent according to calculations for the five-year plan. Real per capita income increased by 3.5 percent, while in the 11th Five-Year Plan period they increased on the average by 2.5 percent a year. The volume of sales of consumer goods increased during the past year by 25 billion rubles. During the past year 129.5 million square meters of housing were built. In accordance with the task for the improvement of housing conditions set by the 27th CPSU Congress, the volumes of housing construction increased by 16.5 percent in the current five-year plan.

At the same time, as you know, economic and social development is still proceeding with difficulty and contradictions. The incomes and expenditures of the population continue to remain imbalanced. The mass of money in circulation is not secured by goods and paid services. As before, in many regions there is a shortage of meat and dairy and fruit and vegetable products. The shortage of quality clothing, footwear, and some types of consumer durables is being acutely felt.

Considering themselves also responsible for the state of affairs in the economy and the social sphere, the trade union organizations are obliged to significantly increase their influence on their development, on the elimination of the existing shortcomings, to take a more active part in the deepening of the economic reform, and to try to attain an increasingly more perceptible turn of the entire economy to the needs of people.

We believe that already today, having reduced within reasonable limits the burden of military expenditures, having put a stop to the installation of expensive, prestigious projects without which it is possible to get along, having re-profiled some defense enterprises to the output of goods for the people, we can to a still greater extent increase the share of the national income going to consumption, and by virtue of this to do a great deal for the improvement of the life and everyday conditions of the population of our country, keeping in mind that every percent comes to about 6 billion rubles. The workers, the trade unions, and their people's deputies must actively support further concrete measures in such a direction. In our view, this should be stated in the pre-election platform.

At the same time, the most massive public organization of workers in our country, which unifies practically the entire working class, all toilers of agriculture, the creative

workers and employees, is obliged to make a public statement about the necessity of increasing also its contribution to the solution of social problems that are of vital importance to the people—provision with food-stuffs, goods, housing, the improvement of medical and consumer services, and others.

We are also responsible for how labor collectives are fighting for the growth of the national wealth, for the high efficiency and quality of their work.

In the hands of the trade unions are such powerful levers of the control of the economy as socialist competition, participation in distribution on the basis of labor, in the formation of wages, in the use of public consumption funds, and in the establishment of systems for labor and rest.

Evidently, we should set forth for the voters the position of the trade unions, by which our people's deputies ought to be guided in these questions.

Without repeating everything that has been set forth in the draft given out to you, I would like to briefly comment only on some propositions from this part.

Some of them, in particular, pertain to questions of the regime for labor and rest, the reduction of the work week to 40 hours, and the increase of the duration of vacations.

The 15-day minimum vacation has remained unchanged for 20 years already. At the present time, still many millions of workers and employees are using it. They correctly consider this as a manifestation of social injustice to them. The AUCCTU has submitted an appropriate proposal to the government in regard to this question. In our opinion, it is no longer possible to put off for years the solution of such important social problems—the regimes for labor and rest, all the more so because the additional funds for these purposes now can, to a significant degree, be found by the labor collectives themselves.

In the draft of the pre-election platform, it is indicated that the necessity for new approaches to the formation and distribution of public consumption funds has developed, so as to extend from them assistance to a greater degree to citizens who are not sufficiently provided for, to young families, and to invalids.

The point is that, in spite of some positive advances in the distribution of the population by average per capita incomes during the past few years, the problem of the insufficient provision of some groups of citizens continues to remain very acute. A significant part of the population, including many pensioners, still have incomes averaging up to 75 rubles a month per family member. At the same time, during the past few years a trend has been observed toward the reduction of receipts from public consumption funds precisely in the families which are not sufficiently provided for by comparison with those who are highly provided for.



All of this calls for the necessity of adopting special measures for the more consistent observance of the principle of social justice so as—even in conditions of the difficulties that have arisen in the financial situation of the country—to search for ways and possibilities to increase the share of the public consumption funds that can be directed to the support of pensioners and those unable to work, the elimination of insufficient provision, and the extension of material support to those who now live below the line of poverty, including young families.

It should be proposed that the trade union members and the voters will support the policy line of the trade unions in this question and that our people's deputies will put it into effect as well.

Among the important problems, on which, in our opinion, the position of the trade union should be expressed in the pre-election platform, one should name the problems of employment in the conditions of the transition of enterprises to full cost accounting and self-financing, the improvement of the conditions of the use of the labor of women, especially the reduction of the number of women employed in heavy and manual labor and in night shifts, the problems of strengthening the family, the improvement of medical services for workers, and the strengthening of the role of the trade unions in the struggle for ecological safety.

We should single out especially the questions connected with the intensification of our concern about young people. At the present time, more than 40 million young people who are workers, students, or attending school are in the ranks of the trade unions. Let us say directly that we still pay inadequate attention to this category of trade union members, although it differs not only in its energy but also needs special concern and assistance in questions of job placement, housing, the creation of the family, the organization of rest, and in everything that forms the way of life.

The trade unions should also be obligated to face the young people, to secure the protection of their interests, to envision measures to extend material and financial assistance in the realization of youth projects with the use of trade union funds, and to demand the comprehensive examination of youth problems at the state level.

The trade unions do quite a lot with respect to the spiritual-moral upbringing of the workers and members of their families. They direct two-thirds of their budget direct into culture and sports and thereby further the elimination of disproportions in the cultural level of various regions of the country. Above all of the regions of new development.

In concretely participating in the organization of cultural services to the workers and actively encouraging the broad utilization of the creative potential of the Soviet intelligentsia, the trade unions thereby contribute to the improvement of the moral atmosphere of society. In

defending the principles of social justice and humanism, we declare our opposition to bureaucracy, corruption, protectionism, and other negative phenomena, regardless of where manifest themselves.

It should be acknowledged that many trade union organs transformed into a campaign the struggle for the strengthening of a healthy way of life and again weakened the struggle against hard drinking, alcoholism and drug addiction. Through all of their work the trade unions should promote the resolute moral purification of society.

Everything that affects the life and the needs of the multinational Soviet people and the workers must become the concern and cause of our deputy body and all people's deputies elected through the sponsorship and with the support of the labor collectives. In so doing we should proceed from the fact that our deputies must represent the interests of the country's trade unions as a whole, and not be limited only by local or sectorial problems.

Comrades!

After the present AUCCTU Plenum, the election campaign for the elections of people's deputies of the USSR from the trade unions enters a new, very important and responsible period. During 2 months the pre-election meetings of the candidates for deputies with trade union members will take place.

In accordance with the law, the candidates for deputy, after their registration by the Election Commission, have the right to come forward with the program of their future activity in pre-election and other meetings, conferences, sessions, in the press, on television and on the radio.

The trade union organs, above all the AUCCTU, the central committees, and the trade union councils are obliged to extend to the candidates for deputy and their confidants every conceivable assistance in the conduct of pre-election measures, to provide them with the necessary reference and information materials. It is necessary to help every candidate to organize meetings with trade union members in his labor collective, with the trade union aktiv of the rayon, city, oblast, and republic. It will be correct if the central committees organize meetings of the candidates with the sector trade union aktiv by zones. It is expedient to utilize the most diverse forms of meetings—a visit and discussions with workers and the trade union aktiv in the primary trade union organizations, discussion meetings of several candidates, political clubs, roundtable discussions, and participation in radio and television broadcasts.

It is very important to secure maximum openness and broad glasnost of the election campaign, to notify trade union members in good time about the place and time of the conduct of meetings with candidates, and to create all the conditions for active participation in them.



It is necessary to hold everywhere pre-election meetings and other meetings in the proper manner in a business-like and constructive atmosphere, in order for the discussion of the candidates for deputy and the pre-election platform of the trade unions to be closely combined with a critical analysis of the work of the trade union organs, an assessment of their contribution to restructuring and a determination of practical ways of improving the work. The trade unions are obliged to actively take measures for the realization of the critical observations and requests expressed by members of the trade unions.

We consider it necessary to publish a list of all candidates for deputy in the newspaper TRUD. This will call forth among the trade union members and all workers a natural aspiration to express their suggestions about candidates, their wishes and observations addressed to them in the pages of the press, in the other mass media, as well as in written and oral addresses to the AUCCTU, the other central organs, and the Election Commission for Elections of People's Deputies of the USSR from the Trade Unions.

The AUCCTU Secretariat, the central committees and councils of the trade unions must help our Election Commission in the most painstaking manner to generalize the proposals and critical observations expressed in the pre-election meetings of the candidates for deputy with trade union members, in the central, industrial branch and local press, on television and radio, in written and oral addresses of the workers to the trade union and other organs. The Election Commission, as this is envisaged by the new Law on Elections, will report to the forthcoming 5th AUCCTU Plenum the proposals and observations that have been received on the candidates, as well as the proposals which can, by decision of the Plenum, be formulated as mandates to the people's deputy of the USSR from the trade unions.

Taking into account the fact that, in accordance with articles 39 and 51 of the election law, the elections of people's deputies from public organizations may be carried out in expanded plenums of their all-union organs with participation of representatives of other elective organs of these organizations and that the decision about this must be taken at the plenum, it is necessary already today for us to find our position on this question.

The AUCCTU Presidium introduces the following proposals for your examination:

To conduct the 5th AUCCTU Plenum on elections of people's deputies of the USSR from the trade unions on 22 March 1989;

to permit to take part in the voting, besides AUCCTU members, candidate AUCCTU members and members of the Central Auditing Commission of the Trade Unions of the USSR, the chairmen of the central committees and

councils of the trade unions not elected to the central organs of the trade unions of the USSR, as well as secretaries of the central committees and trade union councils on public principles, and where they are not elected—one member each of the presidiums of these organizations at their discretion. The proposal to grant at the next 5th AUCCTU Plenum the right to vote also to the secretaries of the trade unions and the central committees of trade unions on public principles proceeds from the fact that their participation makes it possible to represent more broadly the industrial branch trade unions and the inter-union organs, as well as the primary organizations of the labor collectives in the final decision of the question about the deputies and their election.

Thus, in the voting on the elections of people's deputies of the USSR from the trade unions in this case more than 850 people could take part. Other variants of the number of those participating in the voting are also possible.

**AzSSR Trade Union Council Chairman Replaced**  
*18280102 Moscow TRUD in Russian 28 Mar 89 p 2*

[Article by T. Kasumova, special correspondent for TRUD: "Plenum Held"]

[Text] A plenary session of the Azerbaijan Republic Council of Trade Unions, held in Baku, examined an organizational matter. In accordance with her appointment as minister of social security for AzSSR, L. Kh. Rasulova was relieved of her duties as chairman of the council of trade unions. R. A. Agayev, who had worked as chief director for the association "Bakelektrobytpribor," was elected chairman of the republic council of trade unions. A. Kh. Vezirov, first secretary of the CC CP of Azerbaijan, addressed the plenum.

**Kazakhstan Co-ops Hold First Conference**  
*18280090 Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 16 Mar 89 p 5*

[Article by V. Burenkov: "Co-op Members Have Gathered"]

[Text] The first conference of Kazakhstan co-op members has been held in Alma-Ata. They already number over 65,000 in the republic.

Last year co-op members manufactured consumer goods and rendered services to the population amounting to more than R60 million. However, it is noteworthy that from the conference rostrum the most frequently sounding words were business, work, experience, organization, and much less frequently mentioned words were money and income.

A charter for Kazakhstan's co-op members was drawn up. Deputy Chairman of the Council of Ministers of the Kazakh SSR O.I. Zheltikov took part in the conference.



## MOTOR VEHICLES, HIGHWAYS

### Problems at Yelabuga 'Oka' Plant Highlighted *18290122 Moscow TRUD in Russian 23 Feb 89 p 4*

[Article by V. Raskin and Ye. Ukhov, special TRUD correspondents: "Is 'Oka' To Be on the Kama?"]

[Text] The fate of Yelabuga changed sharply in the autumn of 1984, when the decision was made to begin construction here of an entire complex of plants to produce tractors of the Belarus MTZ-142 family. The ancient provincial town at once gained world renown. Here, to the banks of the Kama, poured construction workers, technicians, freight.... In the environs of Yelabuga rose a steel forest of plant structures, and its quiet little streets, which preserved the memories of the great people of its district—Nadezhda Durova, Ivan Shishkin and Vladimir Bekhterevo—were filled with the polyglot speech of those who had come from all corners of the country in the hope of a great construction project and rapid housing.

A year passed, a second, the boom abated and the construction project, nationally proclaimed, gradually quieted down, and then stopped completely, like a clock someone had forgotten to wind....

At the beginning of last autumn, installation workers climbed to an open-work steel arch, thrown across the road to the construction site, a few kilometers from the grave of Marina Tsvetayeva. They removed the inscription, "Here There Will Be a Tractor Giant," and another one appeared: "The Yelabuga Motor Vehicle Plant." The old arch, which had been brought here four years before from KamAZ, was accustomed to such metamorphoses. The change in the signboard, which was so easily made, proved to be almost the simplest and cheapest operation among the many others related to respecialization from one giant that never came about to another.

In Yelabuga the intention was to produce a motor vehicle, conditionally called the "Oka-1." It was a variant of the long known "Oka." For example, the front part of the body was changed. The vehicle began to better meet aerodynamic requirements. It will have good "pickup"—in 12 seconds it will gain a speed of 100 kilometers. The emission of exhaust gases into the atmosphere is being reduced. In the interior, there are different seats, elbow rests, the braking system has been changed....

True, this car is still in the sketch and mock-up stage.

Let us return to the construction site and try to clear up when the new car, called the "people's motor vehicle" will appear on the roads of the country.

In 1991, as it was announced, 300,000 machines would be produced, and beginning in 1995—900,000. Right now, the wind is making merry amidst the numerous metal structures at the construction site. Naturally, the question arises: are these deadlines real?

Whichever one of the construction workers in Yelabuga we spoke with, all expressed doubts that it could be set up by the deadline.

"In order to maintain the time period," said Ye. Batenchuk, chief of the Kamgesenergostroy Association, Hero of Socialist Labor, "there must be a fundamental change in the ratio of capital investments and supply of the construction site. In the first three years it should be this way: two thousand tons of cement per million rubles of construction-installation work. In the future the proportion of cement can be reduced yearly. This was the allotment at KamAZ—that is why we built it in five years. In Yelabuga, however, everything was the other way around. From the very beginning, the construction site was not provided with cement in the necessary proportions, and as a result—25,000 tons of uninstalled metal structures piled up in the open air at the construction site."

What is happening at the construction site now is like a repeat of the old story. Construction of Traktorograd was held back by the lack of planning documents, and there are none at the new plant. The construction workers will still take some time to erect the wing according to the tractor construction sketches and to install the communication lines. And then? There is no guarantee that the planning institutes will cope, in the period allotted them, with the tremendous volume of work on the new motor giant.

Construction began on the tractor plant without the internal base of a construction industry, nor is there one now. As before, the reinforced concrete is taken to Yelabuga from Naberezhnye Chelny, the brick production is not set up and the house building combine exists only in the plan.

When the tractor giant was constructed, all the schedules and deadlines for erecting the buildings were broken. The machine-tool-instrument plant proved to be in a more or less advantageous situation—although last year 43 million rubles should have been utilized for its construction, and only 26.5 million were managed. All the same, the wing is under a roof, and there is a "glimmer" of life in it.

"The construction project has been greatly prolonged," said A. Zhitin, plant director. "Right now a clear-cut strategy must be chosen. Production must be readied in earnest, without making do with temporary schemes. One can, of course, fire up enthusiasm and do everything to make the "Oka" come off the conveyer in 1991. The production cost of this car will be 4-5-fold more, however. This is impermissible. The vehicle must be placed



on stream. In our wing, however, there should be tens of thousands of persons working—so far there are 840. Some 1500-2000 designers and technologists alone are needed. Today—there are 150 specialists. It is not enough to erect the building: there are no engineering lines, we obtain heat only along a temporary line from the Mendeleyev Chemical Plant, there are no toilets....

This is the reality.

In the only building with a roof, we chatted with the workers, those who today have cast their lot with the new plant at Yelabuga. V. Gerasimov, a miller, is "lucky"—he was the first to obtain a separate apartment.

"It is annoying," he said to us. "Three years have gone by unnoticed, and practically nothing has been set up."

With the start of construction, as A. Shuvayev, general director of the giant enterprise being built, told us that 340 million rubles had already been spent. Not only for the production wings, but also for the settlements. With housing there was a total failure: in order to alleviate the need of the future collective of motor vehicle builders for apartments, 900,000 square meters of housing must be turned over yearly. Today, however, the entire republic turns over not quite two million a year!

In this situation how can we count on housing for the influx of work forces? After all, without it, no one would even think seriously of fulfilling the government assignment. "Now, as an estimate," said N. Valeev, chief of personnel administration, "there are 8500 work books. If in 1991 the enterprise has begun to produce, as is specified, 300,000 motor vehicles, 35-40,000 workers will be needed at the least."

Where can you get so many people? These, after all, are not the former times, when people were ready to live in tents and barracks, particularly since now there are many strong competitors around: KamAZ is in operation, the Mendeleyev Chemical Plant is being modernized and expanded, the Tatar AES is being developed.... Working hands are needed everywhere....

Construction in Yelabuga, to all appearances, has been stretching on for years. Meanwhile the neighboring KamAZ is developing motor vehicle production everywhere, particularly of small vehicle types. This is being done under crowded conditions, with the production sites detached from the output of large-load vehicles, experiencing tremendous complications with transition to series assembly, while the "Oka" comes off the conveyor by the piece and proves very costly. Would it not be better to turn over to KamAZ the finished building for the machine-tool-instrument plant in Yelabuga and fit it out with the necessary equipment and conveyers for mass production of mini-vehicles in cooperation with VAZ? After all, the Kama Plant has everything for this: highly skilled personnel, a powerful design bureau, relations set up with hundreds of enterprises in

the country and the world. Then by 1991 the country would already be receiving motor vehicles not in the quantity outlined, of course, but on the other hand one could purchase them, one could ride in them. The production would give the country a profit.

## RAIL SYSTEMS

### Minister Reports on Railways Socio-Economic Development

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28 Feb 89 pp 1-2

[Report on an expanded session of the Ministry of Railways Collegium, Council of the Sector and Presidium of the Central Committee of Trade Unions: "At the Level of New Tasks"; first five paragraphs are Gudok introduction]

[Text] As GUDOK has already reported, an expanded session of the Ministry of Railways Collegium, Council of the Sector and Presidium of the Central Committee of Trade Unions of Workers in Railroad Transport and Transport Construction was held in Moscow, with the participation of directors of the railroad, a number of divisions, subways, plants, scientists, directors of transport VUZ's, chairmen of railroad trade unions, production leaders and veteran railroad workers.

N.S. Konarev, minister of Railways, gave a report "On the Socio-Economic Development of Railroad Transport in 1988 and in the Three Years of the 12th Five-Year Plan and on Measures for Further Introduction of Economic Methods of Service, Increasing Work Efficiency and Quality, and Fulfillment of the 1989 Plan."

Taking part in the discussion of the report were railroad chiefs: North Caucasus—F.M. Kotlirenko, Transbaykal—A.I. Dovgalo, Belorussian—A.G. Andreyev, Moscow—I.L. Paristiy, Oktyabr (Leningrad)—A.A. Zaytsev, Baltic—O.A. Moshenko, Donetsk—A.M. Kozhushko, Tselin—A.V. Starodub, Gorkiy—L.I. Matyukhin, Transcaucasian—V.B. Blazhiyevskiy, South Urals—I.P. Vorobyev, Kemerovo—A.M. Tuleyev, Far Eastern—A.P. Ivanov, West Siberian—V.B. Nikolayev; chairmen of railroad trade unions: Krasnoyarsk—Yu.N. Tarasov, Southern—A.N. Bychkov, chief of the South Sakhalin division of the Far Eastern Railroad—A.B. Vasilev, chief of administration of the Moscow Subway—Ye.G. Dumchenko; plant chiefs: Daugavpilskiy Locomotive Repair—O.A. Agapov, the Lyublink Machine-Foundry—V.B. Belovodskiy, of the Ulan-Udensk Locomotive-Car Repair—N.A. Astapenko; director of the MIIT [Moscow Institute of Railroad Transport Engineers]—V.G. Inozemtsev, associate of VNIIZhT [All-Union Scientific Research Institute of Railroad Transport]—M.M. Tolkacheva, chief of the Kuybyshev Association of Promzheldortrans—G.M. Breyakov, chief of the Kurgan Track Division—I.M.



Zubairov, deputy chief of the Smolensk Track Division—D.M. Ishenko, chief of the Ussuriysk Refrigeration Depot—A.Z. Borovik; chiefs of the main administrations: scientific-technical—I.V. Kharlanovich, passenger—V.I. Torba; deputy ministers: N.K. Isingarin, G.M. Korenko, V.N. Ginko, L.I. Pingarev, V.M. Butko, A.Ya. Sidenko, G.M. Fadeyev, B.D. Nikiforov and I.A. Shinkevich, chairman of the Central Committee of Trade Unions.

Speaking at the meeting were: G.G. Vedernikov, deputy chairman of the USSR Council of Ministers, and A.N. Betzenno, deputy chairman of USSR Gosplan.

Today we are publishing the report of this meeting.

### Achievements and Losses

The three years of the five-year plan that have passed since the 27th CPSU Congress have laid the basis for a sharp turn in the economic and social life of the country. Substantial changes have also been made in railroad transport. On 1 January this year, when the subways were converted to full cost accounting and self-financing, the transition of the entire sector to the new economic mechanism was completed. The economic methods occupied the leading place in the administrative system, with the traditional methods of centralized direction retained. The first stage in improving the structure of the section was implemented.

Restructuring, the new approach to solving complex problems, as was noted by the reporter and the speakers, had a positive effect on specific economic affairs. Railroad transport on the whole fulfilled the tasks for most of the decisive indicators specified in the State Plan for Economic and Social Development of the USSR in 1988.

GUDOK reported in detail, in a survey published on 21 November, on the results of railroad transport work in 1988 and the three years of the five-year plan.

The past three years of the five-year plan are characterized by positive shifts in solving social problems, intensifying the utilization of the production potential and improving the sector's financial situation.

With respect to the volume of passenger transport, railroad transport has already emerged at the level established for the last year of the five-year plan. At the same time, there are still many shortcomings in passenger service. The gradual lagging behind the plan with respect to the volume of freight transport is being examined. Some 18 roads are failing to ensure the assignments of the five-year plan. A drop has been noted in fulfillment of the plans to develop the sector's material-technical base. Deliveries of rolling stock—locomotives and cars—have been substantially reduced.

Under the conditions of full cost accounting and self-financing, it is important to ensure a stable financial situation. Unfortunately, many enterprises are operating with serious financial omissions. In 1988, the South Ural, Sverdlovsk, Kemerovo, Moldavian, Volga, Azerbaijan and Krasnoyarsk roads, and a number of plants and subways failed to fulfill the plan for profits for basic activity.

The results of the work in January revealed disturbing symptoms. The relative ease with which, last year, many roads and enterprises carried out the plan and the large figures of overfulfillment of the generally understated assignments has played a negative role in mobilizing the collectives to stepped-up work since the beginning of the year. Attention and concern for the daily production work and stable activity dropped, even though there was everything for a good normal rate: freight, rolling stock, generally good weather and the lowered plan as well, but self-complacency, the thrill of one's achievements and the lack of responsibility for the fate of the sector and the entire national economy had an immediate negative effect on the results.

In January, particularly in the first ten-day period, many roads operated unsatisfactorily. In the first ten days of the year, there was a 5.5 million-ton underload of freight. The national economy quickly reacted: a flow of complaints, demands and requests began. Only after a selector examination, at which all the directors were given a severe warning, did matters begin to be corrected. On the whole the monthly plan was fulfilled, although 12 of the roads broke it.

The negative tendency of taking on lowered plans, which appeared last year, took on an even greater scale when forming the plan for the present year. Along with the lowered plans for transport and profit, most of the roads also took on lower plans for labor productivity, as compared with the control figures, which did not exist last year.

Perhaps, the control figures are excessively high? Nothing of the kind. The demand of the national economy for transport in 1989 was determined as 4,120 million tons. This is 22.7 million tons, or 0.6 percent, more than was transported by the roads last year. The increase is relatively small. There are no serious obstacles to developing these volumes on the roads. The throughput of many routes has increased. New freight cars, electric locomotives and diesel locomotives have been obtained.

Nevertheless, the roads confirmed the plans for transport at a total volume of 4,054 million tons, or 43 million tons less than were transported last year.

Another disturbing symptom is that of labor productivity. While last year all the roads considerably exceeded the control figures for this indicator, this year 22 roads have established lower labor productivity growth rates. At the same time, many, particularly the directors of the



Transbaykal, Baykal-Amur, Central Asian, West Kazakhstan, Azerbaijan, Transcaucasus, Southwestern and Baltic, are not disturbed that labor productivity is falling as compared with that already achieved. This leads to a imbalance between the work volume and the amount of payment.

The situation is similar with the profit plan. The plan for most of the roads was confirmed at lower control figures. Obviously, there is a great desire to live without strain, and to proclaim loudly the "successes achieved."

After lowering the profit plan, many roads have already turned to the MPS [Ministry of Railways] with a request to increase the capital investments and fully pay for deliveries of new rolling stock through the centralized funds of the MPS. Where, however, do these funds come from, if they are formed according to the planned profit and the roads have lowered it and reduced the possibilities of capital investments.

For full balance of the demands for capital investments and funds in extremely short periods, the plans established by the roads for 1988 must be revised toward an increase. Otherwise, the deliveries of rolling stock can in no way be paid for. There must be one approach to solving these problems—the state approach.

#### **On the Basis of Advanced Technology**

The small growth in transport takes away the possibility of increasing income in the necessary amounts. Therefore, ways should be more actively sought to reduce expenditures for transport and raise its quality. The achievements of scientific-technical progress in the transport process itself must be more energetically introduced in all technology, ensuring the reliability of the technical devices and their more productive utilization.

All these problems must be solved under the conditions of a shortage of rolling stock, particularly gondolas. This means that the main attention must be concentrated on improving the utilization of rolling stock, and particularly on increasing the static load and accelerating the car turnover.

Under the new conditions of economic activity, one of the powerful reserves is unified intersectorial transport technology, called, provisionally, "Rhythm." It should be widely used in delivering mass cargoes, in advancing routes of empty gondolas. Putting specialized schedules into the time table for such transport, monitoring their fulfillment with a computer and appropriate preparation of the rolling stock will make it possible to provide stable operation and accelerate the car turnover. As calculations show, the use of the "Rhythm" technology will make it possible to develop an additional 20-25 million tons of freight.

Putting into practice the program of increasing the weight of a freight train causes serious worry. Last year, on the whole for the network, the average weight of a freight train, with an assignment of 115 tons, rose by 35 tons, as compared with 1987.

It was stipulated that this indicator be raised primarily through developing and extending the receiving-shipping tracks of the stations on the routes with intensive technology. Because of the lack of fulfillment of this work, however, and the reduction in the number of long-consist and heavy trains, the weight increase was clearly insufficient.

An analysis of railroad transport activity in the past year shows that effective economic levers have not yet been found for the organization of operational work, and economic methods of direction have not been worked out. Considering the fact that beginning this year all the sectors of the national economy converted to the new conditions of economic activity, the railroad workers may find themselves in the position of speaking in different languages from their clients.

#### **In the Interests of the Passenger**

In the 12th Five-Year Plan, the railroads are developing a sharply growing volume of passenger transport. In three years, the roads have obtained 392 million rubles of above-plan profit. The volume of paid services for passengers at the stations and on the trains has increased by 20 percent.

The shortcomings in passenger service, however, are more than enough. The low level of schedule fulfillment of passenger train traffic, as was emphasized at the meeting, causes particular alarm.

There is no change in improving passenger service when procuring tickets, and the lines at the cashier's are long. We must create an economic mechanism which would interest the workers in this sphere in a high standard of service, and would help to eliminate lines at the cashier's office and maintain passenger cars and stations in good order.

Over 80 newly created directives on passenger service are in effect on the network. As the reporter and speakers at the discussion noted, wherever a serious and creative approach has been made to organizing these structural units, the level of passenger service has been raised, social problems are being successfully solved and there is a high economic yield.

For example, in the Makhachkalinskiy directive on service to passengers on the North Caucasus road, all the planned indicators have been overfulfilled, the number of passenger complaints has dropped, and the material base is being developed. Workshops have been built, additional equipment acquired, the laundry is being



expanded, and the problem of increasing the power of the technical plant is being solved. The construction of 50-apartment houses was begun with their own efforts.

At the same time, on the Moldavia, Northern and certain other roads, instead of reinforcing the directions, they are canceling them. Of course, it is easier to do this than to put right the operation so that it will benefit the passengers and those who transport and serve them.

The state order for 1989 was set at a volume of 417 billion passenger-kilometers, and over 3.8 billion rubles for revenues from transporting passengers, baggage and services. It is very important not only to fulfill these goals, but also to seek additional volumes of work in order to obtain above-plan revenues.

There must be a rise in the level of use of the car fleet, length of the trains, search for possibilities of conserving cars when plotting the schedule, a reduction in downtime and turn-around points and increase in the amount of traffic.

Practical experience shows: under the new conditions, the roads should be economically interested in forming reserve MPS complements so that they themselves will appear in this initiative.

At present, ways are being sought to increase deliveries of passenger cars. If we wait, however, until the industry expands, the matter may fall through. Therefore, the first thing to do is to repair all the passenger cars, including those that have served over the normative period, as for example those on the Southwestern and Donetsk roads.

Serious worry is caused by organization of the trade service for passengers. Public catering enterprises on the East Siberian, West Siberian, North Caucasus, Far East, Alma-Ata and Odessa roads are operating unsatisfactorily. In the period of mass summer transport, unsatisfactory sanitary maintenance was noted at the public catering enterprises at the stations and dining cars on the Transbaykal, Moscow, Sverdlovsk and other roads. Utmost utilization of new forms of organizing labor and economic accounting is necessary to put catering in order properly for passengers at the stations and on the trains.

#### Components of Reliability

Raising the level of operation as before is held back by shortcomings in track service. The state of the wheels on many roads, particularly on the Oktyabr, Azerbaijan, Transcaucasus and Volga roads has deteriorated. No radical changes have occurred in improving the work and everyday life of the railroad men.

As the reporters and speakers noted in the discussions, at places where a serious complement of track division personnel has been working, by creating the proper social-everyday conditions for the railroad track workers, and a wage increase, the situation has improved.

Last year, 140 electric locomotives and 360 diesel locomotives were drawn off for unplanned repair. The reasons—unfinished work on organizing the routine maintenance and repair of the rolling stock at the depot and at plants. Advanced experience in adhering to technological discipline is being introduced only slowly.

With a certain amount of enterprise and concern for equipment, good cooperation can be organized with enterprises of other sectors. For example, Comrade Lukyanchenko, chief of the Kremenchug South car depot, drew the Kremenchug Commercial Carbon Plant of the Ministry of Petroleum Refining and Petrochemical Industry into the development and technical re-equipment of his enterprise for a prorated share. The plant invested 1.5 million rubles into renovation of the depot and obtained a guarantee of prompt repair of its own cars. In this way, in building up its base, the depot is also solving a group of social problems.

The periods and quality of plant repair and modernization of rolling stock and the slow transition to advanced technology are alarming. Converting the fleet of freight cars to rolling bearings makes it possible to introduce technology new in principle for the transportation process, and to organize uninterrupted freight train traffic for 500-600 kilometers and of empty trains—for up to 1000 kilometers. This makes it possible to release 15,000 persons from heavy labor conditions at the PTO [industrial transport division]. A number of plants, however, failed to fulfill the assignments last year and are refusing to conclude contracts to deliver rolling wheel sets at present, and Comrade Krasnov, chief of the plant main administration, looks at this situation serenely.

Last year the plants of the TsTVR [Main Administration of Locomotive Repair Plants of the Ministry of Railways] reduced the output of capital repair of electric locomotives and diesel locomotives, as compared with 1987, by 129 units, and of passenger cars—by 10 units. This trend is also maintained in the plan for this year. The attitude of the TsTVR toward passenger car repair is particularly intolerable. The plan includes 324 passenger cars less than was recorded in the control figures. The reduction in the volume of capital repair of rolling stock under the existing conditions of the shortage is particularly inadmissible.

#### Traffic Safety

Last year, as compared with 1987, the number of wrecks, accidents and cases of flaws in the train and shunting work was somewhat reduced. The tragedy with the



Aurora on the Bologovo division and the grave consequences of the explosion at the Sverdlovsk sorting station, however, make it impossible to speak of any positive changes. The sector's yearly losses from wrecks and accidents are high. The moral losses to the railroad workers' prestige in the eyes of the public in the country are great.

Some short-sighted directors of roads and divisions, and indeed, even the workers of the review staff, are trying to minimize the damages from safety violations, and even conceal certain situations. The directors of the Oktyabr, Transbaykal, North Caucasus and Azerbaijan roads are not behaving correctly. Disregard of discipline creates the soil for grosser violations. This practice should be stopped decisively, and particularly by the Main Administration for Traffic Safety.

Along with the restructuring of the organizational forms of work, the creation and introduction of technical traffic safety devices must be accelerated. For example, the state of the towing units for the cars is monitored by means of PONAB instruments. Improved DISK instruments are being developed. In accordance with the order, 400 DISK instruments were to be installed, and 266 were installed. Essentially, the assignment has been disrupted. Moreover, the manufacturing quality at the plants of the Soyuzzheldoravtomatizatsiya Scientific Production Association is poor.

The number of crossings left without warning signals continues to be large, particularly on the Sverdlovsk, West Siberian, Kuybyshev, Moscow, Volga and Gorkiy roads. Plans to modernize locomotives by equipping them with safety devices on these roads have not been fulfilled, however.

The oblasts tasks for traffic safety are complex, but can be solved. Any manifestations of formalism and lack of discipline must be removed, and specialists of the VNIIZhT [All-Union Scientific Research Institute of Railroad Transport] and transport VUZ's for scientific provision of traffic safety in the sector must be attached.

#### **A Course of Technical Progress**

The main lever for increasing production efficiency is acceleration of scientific-technical progress. Fulfilling state and sectorial scientific-technical programs will make it possible to raise the level and quality of organizing the entire transport process. So far, however, the qualitative indicators and functional potentials of automated control systems for transport are not satisfactory. Lagging behind is permitted in fulfilling the assignments for automating sorting humps and using the "Transport" radio communication devices. The SAUT automated control system for brakes is being slowly introduced. This situation is the result mainly of shortcomings in the work of the directors of the administrations, ministry, roads, institutes and design bureaus.

Today it is necessary to be aware of the fact that the center of gravity for the financing and hardware for the programs should increasingly be passed to the enterprises themselves. They are obliged to guarantee scientific-technical development, primarily through the funds that they themselves have earned.

Under the new conditions, the roads should spend at least 5-7 percent of their fund for developing production, science and technology on accelerating scientific-technical progress. It is completely impermissible that last year 12 roads spent less than one percent of this fund for these purposes. Even though the economic effect from introducing new equipment and completed research rose to 138 million rubles last year, this is very little.

The reserves here are tremendous. Highly efficient innovations are being inefficiently introduced, in single samples. A "system to intensify the motive power network" in the electrification industry saves the North Caucasus road 300,000 rubles a year. It is not being introduced on other roads, however. There are many such examples.

Practical work should constantly be fed with new ideas and interesting, efficient proposals and developments, and the sector's scientific and design forces are called upon. The increasing expenditures for work related to accelerating scientific-technical progress (in 1988 these expenditures from the MPS funds rose by 30 million rubles) should give a return, but in many places it is negligible or nonexistent.

Restructuring the work of the sector's scientific research center—the VNIIZhT, and that of Soyuzzheldoravtomatizatsiya NPO is going slowly. VUZ science as well does not give a proper yield.

The stepped-up situation is having an effect on the sector's interrelations with the equipment suppliers. Organization of series production of diesel freight locomotives 2TE121 and 4TE10S, and of the electric locomotive VL15 is extremely dragged out. The plans for delivery of cars and locomotives are 80-90 percent fulfilled. In the years of the 12th Five-Year Plan, there was an undersupply of over 100 track machines. This situation is inadmissible.

It is important that new equipment and sets of complete industrial fittings for its repair and technical service during operation be received from the industrial suppliers. Creative ties should be intensified with industrial enterprises and with scientists of the Academy of Sciences, in a word, everything should be done to make the sector step out in pace with scientific-technical progress.

#### **Cost Accounting Levers**

Under the conditions of full cost accounting and self-financing, the economic effectiveness of the work takes on particular importance. In the last few years, railroad transport has been able to put its financial situation in



order. Loans amounting to 1.2 billion rubles have been repaid to the banks. The shortage of their own working capital has been compensated by 200 million rubles, and the solvency of the roads and enterprises has increased. The sector is accurately and fully reckoning with the budget.

At the same time, the profit from transport is being inadmissibly reduced at this time. The rise in the balance profit is taking place through other types of activity and through fines for related workers. The operating expenditures are growing. They increased by 330 million rubles over 1987, including 140 million over and above the right to the fulfilled volume of transport. Of this amount, over 20 million rubles goes to the Sverdlovsk road, 15 million—to the West Siberian, 10 million—to Kemerovo, 7 million—to Krasnoyarsk, and to the Moldavian, Dnepr and Lvov—from two to three million rubles. This results directly from bad management, lack of skill and lack of desire to keep track of money. Only poor management could explain the fact that in 1988 the roads paid 164 million rubles worth of fines for their lack of discipline.

The profit losses due to poor use of rolling stock are also high. In 1988 the nonfulfillment of norms for car turnover led to losses of over 260 million rubles.

According to the results of the sector's operation last year, there remained 23 unprofitable enterprises in the sector (total amount of loss—258 million rubles). This included 12 unprofitable subways, the Baykal-Amur Mainline, the Andizhan Machine Plant and 8 industrial enterprises of the railroads.

The most effective measures must be taken, unprofitability in the sector must be eliminated, and new forms and methods of economic activity must be actively introduced. The losses are in many ways the result of the directors' inattention and economic incompetence. Today's commander should be not only an organizer and a technologist, but also an economist. After all, as life and practical work have proven—he who cannot fit into the economic system cannot be an effective director.

The economic levers should be related to all the interrelations of the enterprises and all the decisive indicators, and only then will the economic mechanism begin to operate normally.

The revenues should grow increasingly, as the result of raising the quality of the transport and fulfillment by the roads of both strictly obligatory and non-obligatory operations and services according to the increased contractual rates and collections.

The highest estimate of production efficiency was and remains labor productivity. In the first two years of the five-year plan, the average network data on labor productivity were good. Last year, however, grounds for

worry appeared. Even though on the whole for the three years, labor productivity in transport work increased by 19.5 percent, its growth rates began to drop.

This indicator was considerably lower than average for the network on the Moldavian, Odessa, Transcaucasus, Sverdlovsk and South Urals roads. The situation on the Volga and West Siberian is particularly unstable. The reason is insufficient attention paid to seeking out reserves.

At the same time, wages rose considerably everywhere. On the Odessa, they rose by 21 percent in three years, with the growth of productivity being 15.6 percent, on the West Siberian, respectively by 18.7 and 13.5 percent, and on the Volga—by 19.0 and 10.6 percent.

An increase in wages should ensure an outstripping growth in the volume of work, services and production output. If this is not so, unearned money is being paid out. This is impermissible!

The situation which formed last year cannot help but call forth serious worry. The lower rates assumed by the roads for increasing the transport volumes and labor productivity do not create favorable prerequisites for maintaining high wages. They can cause serious unpleasantness with the wage payments for the workers.

On the whole for the network this year, at least a 5 percent growth of labor productivity must be ensured. In this case, the average wage can rise by 3 percent, that is it can reach up to 272 rubles for the operating contingent. As calculations show, the staff should be reduced.

There are reserves for this. The production sections, shops and brigades can and must be consolidated. The work time must be concentrated, advanced forms of labor organization introduced, particularly collective, lease and family contracting, and the administrative production structure must be improved. This alone will release at least 30,000 persons. About 10,000 persons can be removed from the railroad crossings, and at least 6500 persons relieved as the result of converting locomotives to being served by one engineer. This will make it possible to reduce the contingent and introduce the achievements of scientific-technical progress on a broad scale. This is the main path!

#### With Concern for the Person

Positive shifts in the social sphere are already speaking for themselves. The wages of the railroad workers during the years of the five-year plan have risen in the main sectors of activity by over 20 percent. The improvement in the housing-everyday conditions was furthered by an increase in funds for these purposes and by creating the conditions to increase construction rates. The task has been set of constructing at least 200,000 apartments during the five-year plan—it must be overfulfilled.



The increase in the volume of paid services for the population and the production of consumer goods must be regarded as a manifestation of concern for the people and as quite an important source for supplementing revenues. Last year consumer goods were produced and all types of paid services offered the population, including revenues from passenger transport, worth 4.3 billion rubles, or about 50 kopecks per ruble of the wage fund. Some 478 million rubles worth of paid services of a nonspecialized nature were sold in 1988.

If one looks at what is being done directly for the railroad workers, however, the picture is dismal. Even allowing for the quarterly payments, which can only conditionally be added to the services, there are approximately 8 rubles per month for each worker. The services for the railroad workers must be expanded.

In 1989 it was outlined to perform 563 million rubles worth of paid services. Consumer goods worth 112 million rubles are to be manufactured. These figures are minimal. The state is proceeding to remove many restrictions, and a number of benefits have been established. They must be skillfully used.

Railroad transport is making its contribution to solving the food program, by developing subsidiary services. In 1990 it is planned to produce at least 10 kilograms of meat and 15 kilograms of milk per worker. At least! Practical experience shows: where they act with initiative, the results are much higher. In 1987, the subsidiary services of the Seym Station on the Gorkiy road gave 100 kilograms of meat for each worker, and in 1988, almost 200 were produced at a cost of one ruble per kilogram.

Ecological problems have great social significance. In the period from 1986-1990, it was specified that about 169 million rubles of capital investments be directed toward construction of nature conservation projects of railroad transport. The construction program outlined is not being fulfilled, however.

In addition to the damage inflicted on nature, and the violations of the ecological situation, which it is sometimes difficult to evaluate, the sector has direct damages and losses. Through fresh diversion of water and its discharge in production activity alone, transport will spend about 120 million rubles a year. Calculations show that the expenditures to create a recycled water supply will be paid back in a year.

The use of water resources, earth and air, and construction of nature conservation projects must be monitored more intensively. Low-waste technology, waterless industrial processes, recycled water supply and advanced methods of environmental protection against contamination must be actively introduced at enterprises.

### **The Investment Policy and Organization of Capital Construction**

The board has repeatedly directed the attention of all the directors to the need to improve capital construction. In the three years of the 12th Five-Year Plan, 18.2 billion rubles have been invested in developing railroad transport, not including projects for BAM. This constitutes 64.3 percent of the volume specified by the plan for 1986-1990. The capital investments utilized are 5 percent above the level of the five-year plan for this period.

In 1988, on the whole for the ministry, fulfillment of the plan for capital construction was ensured. Some 57.3 million rubles of above-plan capital investments were utilized.

Major changes are taking place in the investment structure. The proportion of capital investments directed toward the development of the social sphere rose in 1988 and approached 20 percent of their total volume. The yearly switch of funds from production to nonproduction construction contributes to this.

As a result, during this period, in addition to the five-year assignment, the railroad workers obtained thousands of square meters of housing, schools, hospitals and other facilities.

One cannot help but be alarmed at the increase in the above-norm volume of uncompleted construction. After all, large funds are tied up. This negative phenomenon is primarily connected with a lack of skill in carrying out matters under the new conditions of economic activity.

Even before, there were errors in the investment policy, and attempts were made to begin more construction projects. Unfortunately, this practice is continuing. As a result, a large number of construction projects and facilities have had to be closed down temporarily. By the beginning of this year there were 110 of them. It is time to learn to calculate forces and funds and to use them sensibly.

We must persistently carry out the course adopted toward reinforcing the road construction trusts so that in 1990 the volume of work fulfilled by them will reach up to 900 million to 1 billion rubles. The road construction trusts are becoming essentially our basic contractor in constructing projects for the social sphere.

Under the conditions of full cost accounting and self-financing, to increase the rates of capital construction there must be widescale introduction of advanced new forms of labor and production organization, active use of collective and lease contracting and organization of cooperatives.

### **Improve the Style of Administration**

In the last few years a number of measures have been carried out to restructure and reduce the number of administrative staff in the sector. At present it has about 9 percent



of all the workers (15 percent for the national economy). Nevertheless, the administrative staff is still cumbersome. It costs over 800 million rubles to maintain it. Carrying out the task of bringing the staff to 8 percent will make possible a yearly saving of over 90 million rubles. Last year the central staff of the ministry was reduced by 40 percent. In the administrations and divisions of the roads, however, these radical measures were not taken.

The number of workers on the accounting staff of the divisions and administrations of the roads should be cut, and small enterprises and structural units joined together. Eliminating divisions in places where road administrations are located will contribute to this.

Conservatism must not appear, nor the improvement in the administrative structure be slowed down. In creating a purposeful, flexible and efficient administrative system, the basis should be the principle of combining centralized administration with the transport process and the interests of each worker in the collective, a clear-cut division of functions and elimination of doubling among various levels of administration. It is important to determine the optimal amounts of all the organizational structures. This will make it possible to increase the work efficiency of all of railroad transport.

Restructuring and democratizing society imposes special requirements for working with personnel. The measures adopted by the ministry made it possible on the whole to improve the qualitative composition of the specialists. The direction of a number of administrations of the MPS, roads and road divisions has been consolidated. In this case 18 chiefs of road divisions were elected at conferences of the work collectives.

There are many shortcomings, in selecting, locating and training the personnel. Sometimes haste and a questionnaire approach are shown in promoting directors, and people are appointed on the principle of personal devotion.

Work discipline is being slowly reinforced. Last year 117,500 work absences were permitted. Their number rose on the Volga, Kuybyshev, Far East, Baykal-Amur and Northern roads. The directors, councils of work collectives, trade union organizations and other public organizations are not using all the means of acting to establish order.

The sector is faced with greater and more critical tasks in the fourth year of the five-year plan. It must intensify restructuring and work out and introduce the new economic mechanism, without losing a single day or a single hour. Persistence in attaining goals and a creative search will be the token of success.

The Collegium of the Ministry of Railways, the Council of the Ministry of Railways and the Central Committee of the Trade Union expressed certainty that the transport workers will do everything so that the restructuring

begun will work to the end result: full satisfaction of the growing demands of the people and the national economy of the country for transport.

The project "The Temporary Provision on the Council Of the USSR Ministry of Railways" was approved at the meeting.

### **Railway Regional Economic Programs, Problems Examined**

*18290102a Moscow GUDOK in Russian 16 Feb 89 p 2*

[Article by engineer V. Kabanov, Riga: "Why 'Break' the Railroad?"]

[Text] The concept of regional economic accountability is being actively discussed today. These discussions have taken on unprecedented sharpness in the Baltic. Proposals have even been appeared to transfer the railroads and rolling stock to republic subordination.

The railroad network of the Baltic republics and Kaliningrad Oblast of the RSFSR have functioned as a unified Baltic mainline since 1963. Production and repair capacity has been combined, specialization and cooperation has been set up at all levels with a regard for the division of labor and a railroad-wide shipping technology has been developed.

Passenger trains, for example (aside from suburban ones), are served by locomotives from the Latvian depot at Zaslauks. The Latvian depot at Daugavpils performs capital repairs on freight locomotives for the whole railroad, while the Estonian depot of Tapa handles shunting locomotives. The Vilnius depot repairs boxcars for the whole railroad. The track machinery station of the Kaliningrad Division performs capital repairs on track in Lithuania, as well as in Estonia in conjunction with their colleagues from Latvia.

Local shipping barely surpasses a third of the overall volume. There is a constant exchange of the railcar inventory not only among neighboring divisions, but on the scale of the entire railroad network of the country, and after the placement into service of the USSR-GDR ferry steamship at Klaypeda, with the GDR as well.

And now we have to break all of that up? Scatter the rolling stock among the republics, as is envisaged, say, by the concept of regional economic accountability of the Estonian SSR?

Such a policy contradicts world trends in transport development. There is, on the contrary, a concentration of equipment and manpower underway in the socialist countries, Western Europe and on the American continent; continent-wide or international fleets of freight cars and containers are being created. In Western Europe, by way of example, they are planning to tear down the last international barriers in the near future,



including customs barriers, and provide for the unimpeded shipment of freight on the continent. A step backward is being proposed for us.

Implicit in the basic principles of republic economic accountability as considered at a conference in Riga of September 21-21 of last year is the division of the integrated network of the Baltic into individual railroads subordinate to the republics. This would cause many millions in expenditures for the development of a complex of railroad support facilities in each republic along with an increase in the number of employees.

The organization of the shipping process would be sharply complicated, the delivery of freight would be slowed and transport costs would increase. The number of junctions between railroads would increase from the present nine to 19. The staff of car accountants alone at the turnover points would increase by roughly 40 people. There isn't enough room in the newspaper to enumerate all of the negative consequences.

The general scheme for the management of rail transport envisages the maximum concentration of the management of shipping operations on network routes based on the rational amalgamation of railroads and their transformation into comprehensive organizational structures.

The Baltic Railroad and its divisions have operated since 1 Jan 88 under conditions of full economic accountability and self-financing based on the provisions of the State Enterprise Law.

MPS [Ministry of Railways] essentially subsidizes the Baltic railroads due to their low profitability. Passenger transport in suburban transport, after all, inflicts losses of 25 million rubles on the railroad. Freight shipments on local connections on such low-activity stretches in Latvia as, say, Ventspils—Liyepaya, Iyeriki—Glubene—Pytalovo and Plyavinyas—Glubene—Aluksne are also unprofitable. In Lithuania they include Shvenchionelyay—Utena—Panevezhis and Kazlu—Ruda—Alitus, while in Estonia they include the stretch Tallinn—Khaapsalu.

If the railroad is transferred from the MPS system to republic subordination, we will either have to give it subsidies from local budgets or else raise fares by 1.8-2 times, first and foremost on suburban connections. Is that the way being proposed?

It seems that regional economic accountability is wholly incompatible with a unified transport network. Naturally, with the assurance of normal economic relations of transport workers with the "territories."

What is it that contradicts a draft concept of regional economic accountability in which enterprises based on the ownership of inter-republic, nationwide and international joint-stock firms, societies and other organizations can be newly created and function on the territory of the republic simultaneously with its own ownership?

The relations between the republic and rail-transport enterprises should be constructed on the basis of economic accountability and principles of fair taxation, payments for the use of resources and payments to local budgets. Here both the territorial bodies and the individual enterprises and organizations of transport, as well as the national economy of the republic and the country, will have a vested interest in raising the income and profitability of transport.

The railroad contributed over 70 million rubles to the state budget in 1988 in the form of payments for funds and deductions from profits. About 15 million rubles in income taxes on railroad employees also came in here. Furthermore, about 17 million rubles from basic activities were transferred to social security. Railroad enterprises make payments for the water and sewage services they consume to local municipal-services enterprises. Part of the deductions are returned from the state budget to the local soviets for the development of the social sphere and the social security of the population of the rayon, city and republic.

Railroad institutions of health care, trade, culture, sports and education serve not only railroad employees, but the populations of cities and towns as well. The railroad workers have transferred a considerable portion of the housing constructed using their own manpower and through funds they earned to the local soviets. So the "dependent state" of transport workers is contrived, the appearance of it is created through the centralization of deductions of funds to the state budget. The fact that statistical reporting of the financial and economic relations of transport enterprises with the local soviets is lacking also has an effect.

It seems this matter could be corrected. It would be expedient to pay a portion of the profit deductions and payments for productive assets directly into the local budgets, as well as the state budget, in order to raise the vested interest of the territory in the efficient operation of the railroads. The corresponding bookkeeping and statistical reporting is needed. The costs of transporting suburban passengers should clearly be covered at the expense of the local soviets or accounted for as payments to the local budget.

The conversion to regional economic accountability requires an expansion of the economic and financial independence of transport enterprises (railroads, divisions) in accordance with the State Enterprise Law with the preservation of the unity of the network.

The prevailing procedure for the distribution of income for freight and passenger transport puts these partners and participants in the transport process in an unequal situation under the conditions of economic accountability. By way of example, the railroad receives 100 rubles per day for the formation of company trains on the Riga—Moscow connection. The income per railcar is only half as much with



the same expenditures for the Riga—Kharkov—Adler routing, and it is a quarter on the Kaliningrad—Chelyabinsk connection. The preparation of reserve trains for other railroads on long connections and for the transport of draftees and demobilized servicemen provides practically no income at all for the railroad or the division if you don't count the dispatch fee—70 rubles. All of this provides no incentive at all for railroad workers.

The spending on the utilization of locomotives and crews on other railroads, the formation of freight trains with a regard for the remoteness of the stations where they will be broken down and for the formation and transit of empty trains according to regulations will all have to be compensated for under the new business conditions.

Financing of the depot repair and modernization of freight cars should be straightened out, and mutual accounting should be made for the use of the railcar fleet. It would also be expedient to differentiate the standards for amortization deductions depending on the intensiveness of the wear on the fixed productive assets, and first and foremost the rights-of-way, upper track structures and artificial structures, with a regard for traffic intensity.

Amortization quotas established with a regard for traffic intensity on the sections and the intensiveness of wear on transport equipment will make it possible to avoid the centralized redistribution of depreciated assets and shipping income among railroads, as well as to equalize the profitability of operations of transport enterprises.

#### **Zaporozhye Area Line Safety Problems Cited**

18290102c Moscow GUDOK in Russian 21 Feb 89 p 2

[Article by economist A. Tkachenko, Zaporozhye: "Neglect"]

[Text] That definition objectively reflects the state of the track facilities of many enterprises of Zaporozhye Oblast. About 200 railcars derailed at the Zaporozhstal [Zaporozhye Steel] Combine alone last year. The track to the stockyard of the open-hearth shop, for example, is very approximately reminiscent of a straight line. This is understandable, since in many places there are no spikes, while the rails have settled so much that it is simply surprising that railcars pass along them at all. And that stretch is not alone.

The unsatisfactory state of track facilities inflicts enormous material losses on the combine. They exceeded 75,000 rubles last year. And that is without counting the enormous losses from railcar idle time, disruptions of work rhythm and, finally, loss of the shipping resources of the Zaporozhye Division of the Dnieper Railroad.

The track facilities of Zaporozhstal undoubtedly did not get to such a pitiful state all at once. The problem became acute long ago. There are, after all, just four service personnel for the 23 kilometers of track here. What can they do?

Unfortunately, the same situation exists at the track facilities of dozens of other enterprises in the oblast. The sidings of the Zaporozhye and Prishibskiy baking-products combines are in depressing condition.

The situation is no better at the Berdyansk Maritime Port and the Dormash Plant. And as a result—derailments of locomotives and railcars and much rolling-stock idle time, while considerable harm is inflicted on the economics of the enterprises, the railroad and the whole national economy of the country.

It seems that until every labor collective takes the track facilities of enterprises under their own permanent monitoring, the problem of losses from the neglect of sidings will remain acute as before.

#### **Moscow Metro Incidents Examined**

18290102b Moscow GUDOK in Russian 18 Feb 89 p 3

[Unattributed article under the rubric "You Ask—We Answer": "What Happened in the Capital Metro"]

[Text] Many Muscovites and city visitors appealed to the editors of GUDOK with a request to report what happened on February 15 at the Pushkinskaya station and the next day on the Kaluzhsko-Rizhskaya line of the Moscow metro.

Our correspondent went to Metro Chief Dispatcher V. Sinitsyn for an elaboration and obtained the following information:

At about 10:30 on February 15, an engineer of an electric train noticed smoke coming from the wheels of the sixth car. He discharged the passengers at the Pushkinskaya station and in four minutes, using fire extinguishers, put out the flames that had appeared in the current collector on the car. The train belongs to the Vykhino depot (formerly the Zhdanovskaya).

Voltage was turned off for 13 minutes at the Pushkinskaya station at 11:20 on the same day so as to wash off the powder used in the fire extinguishers. Its evaporation is harmful to peoples' health.

A train engineer saw smoking ties and took steps to extinguish the fire at 8:30 the next day on the Akademicheskaya—Profsoyuznaya stretch of track. This took 10 minutes. But the train stoppage caused a chain reaction along the entire line, and the dispatcher service was forced to take steps to withdraw trains to the stations. After the discharge of passengers, the trains went to hold to stabilize the situation, which had been aggravated by the fact that the traffic disruption occurred at rush hour. Everything had gotten back to normal by 10:00 on February 16 on the Kaluzhsko—Rizhskaya Line.

An official investigation is being conducted into both incidents.



## MARITIME AND RIVER FLEETS

### Fish Industry Minister Outlines Structural Reorganization

18290095 Moscow RYBNOYE KHOZYAYSTVO in Russian No 1, Jan 89 pp 3-7

[Article: "New Structure of Management of the USSR Fish Industry"]

[Text] USSR Fish Industry Minister N. I. Kotlyar signed the order No 400 dated September 9 1988 "On A General Scheme for the Management of the Fish Industry." Under the new conditions of management the ministry concentrates its activity on a fundamental increase in the efficiency of operation of the production fleet, associations, enterprises, and organizations, improvement in foreign ties, implementation of a unified scientific and technical policy in the sector, development of plans for new production ships, improvement in technologies of processing fish and other fishing items, retooling and modernization of production on a contemporary technical base, development of aquaculture, and further expansion of its own machine building. Actively using economic methods of management, strengthening full cost-accounting and self-financing principles in every possible way, and consistently realizing the provisions of the USSR Law on the State Enterprise (Association), the USSR Ministry of the Fish Industry should create conditions for a profitable work and an accelerated social development of jurisdictional enterprises, associations, and organizations and ensure a fuller satisfaction of national economic needs for fish products, as well as an increase in the production of nonfood consumer goods and provision of paid services.

The general scheme for the sector's management is put into operation within a period of 3 months. It envisages the following:

—in the basic link—abolition of five all-Union fishing industry associations and of the All-Union Association for Fish Processing and Sales of Fish Products and the establishment, on the basis of head production (production-sales) associations, of large production structures—basin production fish industry associations, as well as trade-production associations organizing their activity as a single production or trade-production complex on the basis of full cost accounting and self-financing.

A basin production fish industry association can include independent production associations, enterprises, and scientific research, design-technological, planning, and other organizations; a trade-production association can include trade-production and wholesale-retail enterprises and organizations, which operate in accordance with the USSR Law on the State Enterprise (Association). In accordance with the USSR Law "On Cooperatives in the USSR" associations can include on a voluntary basis fishing kolkhozes.

A basin production fish industry association performs functions of common interest to all its constituent associations, enterprises, and organizations, ensures the fulfillment of contracts for deliveries of fish products, and exercises state control over the safety of high-seas navigation in accordance with international agreements and conventions.

A trade-production association performs functions of common interest to all its constituent trade-production and wholesale-retail enterprises and organizations and ensures wholesale and firm trade in fish commodities and the delivery of fish products to retail trade and state resources in accordance with concluded contracts:

—strengthening of the integration of science and production through the inclusion in basin production fish industry associations of scientific production, trade-production, and production associations, as well as scientific research and planning and design-technological organizations, with a view to concentrating no less than 80 percent of the total number of workers employed in sectorial science in these associations. The USSR Ministry of the Fish Industry is permitted to have under its direct jurisdiction four scientific research and one planning institute of general sectorial specialization:

—in the sector's management system—a full transition to a two-link management system: the USSR Ministry of the Fish Industry—a basin production fish industry and trade-production association, a production (scientific production) association, an enterprise, and an organization;

—abolition of five all-Union associations and organizations under the ministry: the All-Union Fleet Repairs Production Association—Remrybflot; the All-Union Fishing Supply System Production Association—Soyuzsetesnost; the All-Union Fishing Industry Association for Fish Processing and Sales of Fish Products—Soyuzrybpromsbyt; the Central Ichthyopathological Inspectorate and the Central Sanitary Inspectorate.

It is recommended that the USSR Ministry of the Fish Industry use part of the specialists released in connection with the implemented reorganization to strengthen the ministry's central apparatus with highly skilled personnel:

—in the central apparatus—abolition of ten independent administrations and departments and transition to building the structure of the ministry's central apparatus according to the functional principle;

—strengthening of the ministry's leading functional subdivisions, primarily:

—the scientific and technical subdivision, which organizes the development of a common general sectorial scientific research strategy for the sector, coordinates the activity of scientific production associations, and



ensures the development and introduction of the latest technologies and equipment for processing fish and sea products and for the mechanization and automation of production processes;

—the economic subdivision, which concentrates the work on planning, finance, labor organization and wages, accounting and control, and contractual-legal and juridical matters;

—the production subdivision, which forms state orders, works out intrasectorial balances, organizes the specialization and cooperation of the sector's enterprises and organizations, and controls the fulfillment of contractual obligations;

—the fleet subdivision, which organizes the planning of new and technical operation of existing fishing and service ships, ship repairs and reconstruction, and development and provision of ships with means of communication and fish finding and navigation equipment;

—the design and capital construction subdivision, which ensures the implementation of an effective investment policy and the retooling, reconstruction, and expansion of jurisdictional enterprises on the basis of advanced design solutions.

The USSR Ministry of the Fish Industry is permitted to have six deputy ministers, including one first, and a board consisting of 13 people. To establish that the Main Administration for Cadres, Educational Institutions, and Social Development, as well as the Foreign Ties Administration, are headed by deputy ministers.

The following are formed in the structure of the ministry's central apparatus:

—the Main Scientific and Technical Administration on the basis of the abolished Administration for Science, Technology, and Automated Management Systems (without the chief mechanic department and the chief power engineer department), the department for the introduction of new equipment of the Industrial Fishing Administration, the department of new technology of the Administration for the Production of Fish Products and New Technology, and the Scientific and Technical Council, which organizes the development of a common general sectorial scientific research strategy for the sector and ensures the development and introduction of the latest technologies and equipment for catching and processing fish and sea products and for the mechanization and automation of production processes;

—the Main Economic Administration on the basis of the abolished Economic Planning Administration (without the delivery planning department), the long-term and current planning department of the Administration for Fish Breeding and Fishing in Inland Reservoirs, the economic research department, the Finance and Currency Administration, the Labor Organization and Wages Administration, the

Accounting and Reporting Administration, the Control and Auditing Administration, and the Legal and Arbitration Department, which concentrates the work on planning, finance, labor organization and wages, improvement in management, accounting and control, and contractual-legal and juridical matters;

—the Main Production Administration on the basis of the abolished Industrial Fishing Administration (without the department for the introduction of new equipment), the Administration for the Production of Fish Products and New Technology (without the new technology department), the fleet operation and transportation department, and the ports department of the Fleet and Ports Operation Administration, in part, the Central Sanitary Inspectorate, and the Main Inspectorate for the Quality of Fish Products, which forms state orders, works out intrasectorial balances, organizes the specialization and cooperation of the sector's enterprises and organizations, controls the fulfillment of contractual obligations, the quality of products, and sanitary norms, and in accordance with a scientific forecast organizes the distribution of catch quotas, the disposition of the catching and processing fleet, and the introduction of modern implements and industrial fishing methods;

—the Main Technological Administration on the basis of the abolished Administration for Fish Breeding and Fishing in Inland Reservoirs (without the long-term and current planning department) and, in part, the Central Ichthyopathological Inspectorate, which organizes a unified technological policy in the development of aquaculture and carries out methodological guidance for the prevention and treatment of fish diseases;

—the Main Administration for Sales of Fish Products and Wholesale and Retail Trade, which carries out the organization of sales activity at basins, wholesale and firm trade in fish and fish commodities, and general management of trade-production associations;

—the Main Fleet Administration on the basis of the abolished Fleet and Ports Operation Administration (without the fleet operation and transportation department and the ports department), the Shipbuilding Administration, the Communications and Locator Technology Department, and, in part, the Remrybflot, which organizes the design of new and technical operation of existing fishing and service ships, ship repairs and reconstruction, development and provision of ships with means of communication, fish finding hydroacoustic and radio navigation equipment, and telemetric instruments for controlling fishing gear;

—the Main Administration for Design and Capital Construction on the basis of the abolished Design and Capital Construction Administration and the Department for Examination of Plans and Estimates, which ensures the implementation of an effective investment policy and the retooling, reconstruction, and expansion of jurisdictional enterprises on the basis of advanced design solutions;



—the Main Administration for Personnel, Educational Institutions, and Social Development on the basis of the abolished Cadres and Educational Institutions Administration and the Administration for Work With Seamen in Foreign Navigation with the establishment of a new social development department, which implements an active cadres policy under conditions of election of managers at enterprises and organizations, forms a reserve of personnel for promotion, organizes personnel training and retraining, and ensures the solution of social problems;

—the Main Administration for Material and Technical Supply, which ensures the necessary conditions for a stable supply of material resources for the sector's enterprises and develops wholesale trade in means of production and direct ties of consumers with manufacturers;

—the Main Administration for Safety in Navigation, Port Supervision, and Labor Protection (with the functions of a state inspectorate) on the basis of the abolished Main State Safety Inspectorate for Commercial Fishing Fleet Navigation and Import Inspection and the Department for Labor Protection and Safety Techniques, which directs its activity toward the prevention of emergencies and violations of the established procedure and ensures safety in navigation and shipping and the creation of safe working conditions;

—the Foreign Ties Administration on the basis of the abolished Foreign Relations Administration and three commissions under the USSR Ministry of the Fish Industry, which organizes the elaboration of proposals on basic directions in economic and scientific-technical cooperation with foreign countries, development of advanced, new forms of foreign economic relations with foreign countries, active assistance for the establishment of direct production and scientific-technical ties of the sector's enterprises and organizations with enterprises and organizations of other countries and for the development of and support for the activity of joint enterprises and international associations and organizations, and intensification of economic integration with the countries of the socialist camp;

—the Administration for Worker Supply and Organization of Subsidiary Farms, which organizes supply of foodstuffs and industrial goods for ships and enterprises, develops in accordance with the established procedure norms of free collective catering, exercises control over their execution, carries out organizational work on the establishment and development of subsidiary farms at the sector's enterprises, and organizes work on the establishment of cooperatives;

—the Administration of Mechanization, Power Engineering, and Machine Building, which organizes the manufacture of equipment for overall mechanization and automation of production processes and spare parts at machine building enterprises of the sector and other ministries, specialization and cooperation of machine building enterprises, their further development, and a

technically correct operation and prompt repairs of power facilities and exercises control over an efficient expenditure of power resources at the sector's enterprises and a consistent observation of the policy of economy;

—the Housekeeping Administration;

—the Affairs Administration.

The following are under the ministry: the Sovrybflot Foreign Trade Cost-Accounting Association and the Ichthyological Commission.

**List of Associations, Enterprises, and Organizations Under Direct Jurisdiction of the USSR Ministry of the Fish Industry:**

—the Far Eastern Basin Production Fish Industry Association (BPO Dalryba);

—the Northern Basin Production Fish Industry Association (BPO Sevryba);

—the Western Basin Production Fish Industry Association (BPO Zapryba);

—the Southern Basin Production Fish Industry Association (BPO Yugryba);

—the Caspian Basin Production Fish Industry Association (BPO Kaspyba);

—the Fishing Supply System Production Association (PO Setesnast), Kolomna;

—the All-Union Construction and Installation Trust for the Construction and Reconstruction of Fish Industry Projects (Rybstroyontazh), Moscow;

—the Scientific Production Association for Fish Breeding, the settlement of Rybnoye in Moscow Oblast;

—the Scientific Production Association for Industrial Fishing Technology (NPO promrybolovstva), Kaliningrad, with affiliates in Klaypeda and Dzerzhinsk;

—the Scientific Production Association for the Development of New Technology and Equipment for the Mechanization and Automation of Processing Water Bioreources (NPO Rybtekhtsentr), Kaliningrad, with a pilot plant in Vyborg;

—the State Scientific Research and Planning-Design Institute for Fleet Development and Operation (Gipro-



rybflot), Leningrad, with departments in Klaypeda, Nikolayev, and Tallinn;

—the All-Union Scientific Research and Planning-Design Institute for Economics, Information, and Automated Systems for the Management of the Fish Industry (VNIERKh), Moscow, with affiliates in Vladivostok, Murmansk, Riga, Kaliningrad, Sevastopol, and Astrakhan;

—the Azov Scientific Research Institute of the Fish Industry (AzNIIRKh), Rostov-on-Don;

—the All-Union Scientific Research Institute of Sea Fisheries and Oceanography (VNIRO), Moscow;

—the State Institute for the Planning of Fish Industry Enterprises (Giprorybkhoz), Moscow, with departments in Leningrad, Tbilisi, Alma-Ata, and Tashkent;

—the All-Union Institute for Improvement in Skills of Managers and Specialists of the Fishing Industry and Fisheries (VIPK), Kaliningrad, with affiliates in Vladivostok and Dmitrov;

—the Experimental-Design Office for Special Technical Facilities (OKB STS), which forms part of the Progress MNTK [Moscow Scientific and Technical Complex].

—the Astrakhan Technical Institute of the Fishing Industry and Fisheries (Astrybvtuz), Astrakhan;

—the Far Eastern Technical Institute of the Fishing Industry and Fisheries (Dalrybvtuz), Vladivostok;

—the Dmitrov Fish Industry Tekhnikum, settlement of Rybnoye, Moscow Oblast;

—the Kaliningrad Technical Institute of the Fishing Industry and Fisheries (Kaliningradrybvtuz), Kaliningrad;

—the Kaliningrad Higher Engineering Naval School (KVIMU), Kaliningrad;

—the Murmansk Higher Engineering Naval School imeni Leninskiy Komsomol (MVIMU), Murmansk;

—the Tobolsk Fish Industry Tekhnikum, Tobolsk;

—the Central Instructional-Methodological Center, Moscow;

—the Petropavlovsk-Kamchatskiy Higher Engineering Naval School, Petropavlovsk-Kamchatskiy;

—the Dmitrov Experimental Aluminum Canning Tape Plant (DOZAKL);

—the Kandalaksha Experimental Machine Building Plant;

—the Oktyabr Machine Building Plant, Astrakhan;

—the Kaliningrad Experimental Production Association for Machine Building, Repairs, and Adjustment of Automatic Ship Equipment (Sudoremashavtomatika);

—the Central Communication Center, Moscow;

—the Service Buildings Administration, Moscow;

—territorial trade-production associations.

In accordance with the USSR Law "On Cooperatives in the USSR" the ministry carries out state management of Soyuzrybkolkhozobyedineniye.

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